

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (Tel: +603 2783 9299).

If you have sold or transferred all your AAGB Shares, you should hand the Documents to the agent/broker through whom you effected the sale/transfer for onward transmission to your purchaser(s) and/or transferee(s).

The Documents are despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 2 December 2021 and who have a registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 2 December 2021. The Documents are not intended to and will not be made to comply with the laws of any country or jurisdiction other than Malaysia and are not intended to and will not be issued, circulated or distributed in any country or jurisdiction other than Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renounees or transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of the Provisional Allotments, application for the Excess RCUIDS with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the RCUIDS or the Warrants would result in the contravention of any laws of such countries or jurisdictions. Our Company, the Principal Adviser and/or the Advisers named herein shall not accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) of the Provisional Allotments, application for the Excess RCUIDS with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the RCUIDS or the Warrants made by any Entitled Shareholder and/or their renounees or transferees (if applicable) is or becomes illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholder and/or his renounees or transferees (if applicable) is resident.

Our shareholders have approved the Rights Issue at our extraordinary general meeting held on 11 November 2021. The SC had, on 15 October 2021, approved the Rights Issue. Bursa Securities had on 25 October 2021, approved the admission of the RCUIDS and the Warrants to the Official List of Bursa Securities and the listing and quotation for the RCUIDS, the Warrants and the new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants ("New AAGB Shares") on the Main Market of Bursa Securities. The admission of the RCUIDS and the Warrants to the Official List of Bursa Securities and the listing and quotation for the RCUIDS, the Warrants and the New AAGB Shares on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue. Copies of the Documents have also been lodged with the Registrar of Companies of Malaysia, who takes no responsibility for its contents.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six months from the date of this Abridged Prospectus.



AIRASIA GROUP BERHAD

(Registration No. 201701030323 (1244493-V))

(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF RM974,513,219.25 IN NOMINAL VALUE OF 7-YEAR REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES ("RCUIDS") AT NOMINAL VALUE OF RM0.75 EACH BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) COMPRISING 1,299,350,959 RCUIDS TOGETHER WITH 649,675,479 FREE DETACHABLE WARRANTS ("WARRANTS"), ON THE BASIS OF 2 RCUIDS WITH 1 WARRANT FOR EVERY 6 ORDINARY SHARES IN AIRASIA GROUP BERHAD HELD BY OUR ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 2 DECEMBER 2021

Principal Adviser, Managing Underwriter and Joint Underwriter



RHB Investment Bank Berhad

(Registration No. 197401002639 (19663-P))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriter



Kenanga Investment Bank Berhad

(Registration No. 197301002193 (15678-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Trustee

Malaysian Trustees Berhad

(Registration No. 197501000080 (21666-V))

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Thursday, 2 December 2021 at 5.00 p.m.
Last date and time for the sale of Provisional Allotments	:	Thursday, 9 December 2021 at 5.00 p.m.
Last date and time for the transfer of Provisional Allotments	:	Monday, 13 December 2021 at 4.30 p.m.
Last date and time for acceptance and payment	:	Friday, 17 December 2021 at 5.00 p.m.
Last date and time for excess application and payment	:	Friday, 17 December 2021 at 5.00 p.m.

This Abridged Prospectus is dated 2 December 2021

UNLESS STATED OTHERWISE, ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

RESPONSIBILITY STATEMENTS

OUR BOARD HAS SEEN AND APPROVED ALL DOCUMENTATION RELATING TO THE RIGHTS ISSUE, INCLUDING THE DOCUMENTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN IN THE DOCUMENTS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE DOCUMENTS FALSE OR MISLEADING.

RHB INVESTMENT BANK, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE.

STATEMENTS OF DISCLAIMER

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

AAB	:	AirAsia Berhad, a wholly-owned subsidiary of our Company
AAGB or Company	:	AirAsia Group Berhad
AAGB Group or Group	:	Collectively, our Company and our subsidiaries
AAGB Shares or Shares	:	Ordinary shares in our Company
Abridged Prospectus	:	This abridged prospectus dated 2 December 2021 issued by our Company in relation to the Rights Issue
Act	:	Companies Act 2016
Advisers	:	Collectively, the Principal Adviser, legal adviser for the Rights Issue, Shariah Adviser, Share Registrar and Paying Agent and Trustee, being the advisers appointed by our Company for the Rights Issue as disclosed in the Advisers' Directory
Affiliate Airline	:	Any airline in respect of which our Company: <ul style="list-style-type: none"> (i) has direct or indirect ownership or control and "control" for this purpose means the power to direct the management and policies of such airline whether through the ownership of voting capital, by contract or otherwise; or (ii) owns directly more than 30% of the voting capital; or holds more than 30% of the directors' voting rights; or by contractual arrangement is entitled to exercise more than 30% of the voting capital or directors' voting rights, and such airline is engaged as its primary business as a scheduled airline primarily involved in the carriage of passengers
AirAsia Digital	:	AirAsia Digital Sdn Bhd (<i>formerly known as Redbeat Ventures Sdn Bhd</i>), a wholly-owned subsidiary of our Company
AirAsia Indonesia	:	PT AirAsia Indonesia Tbk, a 49%-owned Affiliate Airline of our Company
Airbus	:	Airbus Financial Services Limited
BigPay Group	:	BigPay SG and its subsidiaries
BigPay SG	:	BigPay Pte. Ltd., a 99.56%-owned subsidiary of our Company via our wholly-owned subsidiary AirAsia Digital
Board or Directors	:	The Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	The terms and conditions of the LTIS

DEFINITIONS (CONT'D)

CDS	:	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	:	A securities account established by Bursa Depository for a depositor for the recording of deposits and dealings in securities by the depositor
Closing Date	:	17 December 2021 at 5.00 p.m., being the last date and time for the acceptance, application and payment for the Provisional Allotments and Excess RCUIDS with Warrants
CMSA	:	Capital Markets and Services Act 2007
Conversion Price	:	Conversion price of RM0.75 per RCUIDS for every 1 new AAGB Share
Dato' Abdel Aziz	:	Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Deed Poll	:	The deed poll dated 18 November 2021 constituting the Warrants executed by our Company
DKM	:	Datuk Kamarudin bin Meranun
Documents	:	Collectively, this Abridged Prospectus and the accompanying NPA and RSF
e-NPA	:	Electronic NPA
e-RSF	:	Electronic RSF
e-Subscription	:	Method available for our Entitled Shareholders to subscribe for the Provisional Allotments and to apply for the Excess RCUIDS with Warrants electronically via TIIH Online
EGM	:	Extraordinary general meeting
Entitled Shareholders	:	Our shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on the Entitlement Date
Entitlement Date	:	2 December 2021, being the date on which the names of our shareholders must appear in our Record of Depositors as at 5.00 p.m. in order to be entitled to participate in the Rights Issue
Entitlement Undertakings	:	Unconditional and irrevocable written undertakings from the Undertaking Shareholders that they and/or their renounee(s) or transferee(s) (if applicable) will subscribe in full for their direct entitlements under the Rights Issue
EPS	:	Earnings per Share
ESOS	:	Employee share option scheme pursuant to the LTIS
Excess RCUIDS with Warrants	:	The RCUIDS which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounees and transferees (if applicable) before the Closing Date
Exercise Price	:	Exercise price of RM1.00 per Warrant

DEFINITIONS (CONT'D)

Foreign Addressed Shareholders	:	Our shareholders on the Entitlement Date who have not provided an address in Malaysia for service of documents to be issued for purposes of the Rights Issue
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be
Guidelines	:	Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors issued by the SC
IATA	:	International Air Transport Association
Issue Price	:	Issue price of RM0.75 per RCUIDS, being 100% of its nominal value
IT	:	Information technology
Joint Underwriters	:	RHB Investment Bank and Kenanga Investment Bank Berhad, collectively
LAT	:	Net loss attributable to owners of our Company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	2 November 2021, being the latest practicable date before the registration of this Abridged Prospectus with the SC
LPS	:	Loss per Share
LTIS	:	Long term incentive scheme comprising of the ESOS and SGS, which was approved by Bursa Securities on 24 May 2021 and our shareholders on 21 June 2021
Market Day	:	A day on which the stock market of Bursa Securities is open for trading in securities
MAVCOM	:	Malaysian Aviation Commission
MGS	:	Malaysian Government Securities
NA	:	Net assets
NL	:	Net liabilities
NPA	:	Notice of provisional allotment in relation to the Rights Issue as enclosed with this Abridged Prospectus
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Open Portion	:	The total number of the RCUIDS with Warrants for which no Entitlement Undertakings have been obtained
Outstanding ESOS Options	:	The 159,400,000 options offered to the eligible employees of our Group under the ESOS, which are outstanding as at the LPD
PAT	:	Net profit attributable to owners of our Company

DEFINITIONS (CONT'D)

Placement Shares	:	New AAGB Shares to be issued pursuant to the Private Placement
PN17	:	Practice Note 17 of the Listing Requirements
Private Placement	:	Private placement of up to 20% of the total number of issued Shares, which was approved by Bursa Securities on 3 February 2021
Provisional Allotments	:	The RCUIDS and Warrants provisionally allotted to our Entitled Shareholders
QoQ	:	Quarter-on-quarter
RCUIDS	:	7-year redeemable convertible unsecured Islamic debt securities with a nominal value of RM0.75 each to be issued pursuant to the Rights Issue
RCUIDS Holders	:	Holders of the RCUIDS
Record of Depositors	:	A record of securities holders of our Company established and maintained by Bursa Depository under the Rules of Bursa Depository
Registered Entitled Shareholders	:	Entitled Shareholders who are registered users of TIIH Online
RHB Investment Bank or Principal Adviser or Managing Underwriter or Joint Underwriter	:	RHB Investment Bank Berhad
Rights Issue	:	Renounceable rights issue of RM974,513,219.25 in nominal value of RCUIDS at nominal value of RM0.75 each based on the Shariah principle of Murabahah (via Tawarruq arrangement) comprising 1,299,350,959 RCUIDS together with 649,675,479 Warrants, on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held by our Entitled Shareholders on the Entitlement Date
RSF	:	Rights subscription form in relation to the Rights Issue as enclosed with this Abridged Prospectus
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
Rules of Bursa Depository	:	Rules of Bursa Depository issued pursuant to the SICDA
SASB	:	Sky Accord Sdn Bhd, a special purpose vehicle jointly-owned by TSTF and DKM, in which each of them individually holds 50% equity interest
SC	:	Securities Commission Malaysia
SGS	:	Share grant scheme pursuant to the LTIS
Share Registrar or Paying Agent or Tricor	:	Tricor Investor & Issuing House Services Sdn Bhd
Shariah Adviser	:	Associate Professor Dr. Aznan bin Hasan
SICDA	:	Securities Industry (Central Depositories) Act 1991

DEFINITIONS (CONT'D)

TASB	:	Tune Air Sdn Bhd
TERP	:	Theoretical ex-rights price
Teleport Group	:	Teleport Everywhere Pte. Ltd and its subsidiaries. Teleport Everywhere Pte. Ltd is a 92.96%-owned subsidiary of our Company via our wholly-owned subsidiaries AirAsia Digital and AAB, and the remaining 7.04% owned by Thai AirAsia Co. Ltd., a 45%-owned Affiliate Airline of our Company
TIIH Online	:	Tricor's proprietary-owned application to facilitate our Entitled Shareholders in subscribing for the Provisional Allotments and to apply for the Excess RCUIDS with Warrants electronically
TLSB	:	Tune Live Sdn Bhd
Trust Deed	:	The trust deed dated 18 November 2021 constituting the RCUIDS executed by our Company and the Trustee acting for the benefit of the RCUIDS Holders
Trustee	:	Malaysian Trustees Berhad
TSTF	:	Tan Sri Anthony Francis Fernandes
Undertaking Shareholders	:	Collectively, TLSB, TASB, TSTF and DKM
Underwriting Agreement	:	Underwriting agreement dated 18 November 2021 executed by our Company, the Managing Underwriter and the Joint Underwriters for the Rights Issue
US	:	United States
VWAP	:	Volume-weighted average market price
Warrants	:	Free detachable warrants to be issued together with the RCUIDS pursuant to the Rights Issue
Warrants Holders	:	Holders of the Warrants
YoY	:	Year-on-year

GLOSSARY OF TECHNICAL TERMS

AOC	:	Air operating certificate
Load factor	:	Number of passengers carried as a proportion to capacity, which is the number of seats available for passengers
Revenue passenger kilometres	:	Number of paying passengers carried on all flights multiplied by the number of kilometres these seats were flown
super app	:	A mobile application that allows a user to access several services from one single application
super platform	:	A type of digital agricultural solution which bundles together, in one platform, multiple different services for vendors to market and sell their products, thereby reducing layers of intermediaries

DEFINITIONS (CONT'D)

CURRENCIES

IDR	:	Indonesian Rupiah, the lawful currency of Indonesia
PHP	:	Philippine Peso, the lawful currency of the Philippines
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
THB	:	Thai Baht, the lawful currency of Thailand
USD	:	United States Dollar, the lawful currency of the US

References to “**our Company**” or “**AAGB**” in this Abridged Prospectus are to AirAsia Group Berhad, and references to “**our Group**” are to our Company and our subsidiaries, collectively. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company and, where the context requires otherwise, our Company and/or our subsidiaries. References to “**you**” or “**your**” in this Abridged Prospectus are to our Entitled Shareholders and, where the context requires otherwise, include their renouncee(s) and transferee(s) (if applicable).

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include legal entities including corporations.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Abridged Prospectus is a reference to Malaysian time, unless otherwise stated.

Any references in this Abridged Prospectus to the provisions of any enactment, statute, rules, regulation, rules of stock exchange or guideline shall (when the context admits) be construed as a reference to the provisions of such enactment, statute, rules, regulation, rules of stock exchange or guideline (as the case may be) as modified by any written law or (if applicable) amendments to the enactment, statute, rules, regulation, rules of stock exchange or guideline for the time being in force.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that our Company’s plans and objectives will be achieved. Such forward-looking statements are only made as at the LPD.

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ADVISERS' DIRECTORY

- PRINCIPAL ADVISER, MANAGING UNDERWRITER AND JOINT UNDERWRITER** : RHB Investment Bank Berhad
Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
- Tel. no.: +603 9287 3888
Fax no.: +603 9287 5385
- JOINT UNDERWRITER** : Kenanga Investment Bank Berhad
Level 16, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
- Tel. no.: +603-2172 2733 / +603-2172 2732
Fax no.: +603-2172 2734
- LEGAL ADVISER FOR THE RIGHTS ISSUE** : Adnan Sundra & Low
Level 25, Menara Etiqa
No. 3 Jalan Bangsar Utama 1
59000 Kuala Lumpur
- Tel. no.: +603 2279 3288
Fax no.: +603 2279 3228
- SHARE REGISTRAR AND PAYING AGENT FOR THE RIGHTS ISSUE** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- Tel. no.: +603 2783 9299
Fax no.: +603 2783 9222
- TRUSTEE FOR THE RIGHTS ISSUE** : Malaysian Trustees Berhad
Level 11, Tower Three
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
- Tel. no.: +603 9280 5950
Fax no.: +603 9280 5947
- SHARIAH ADVISER FOR THE RIGHTS ISSUE** : Associate Professor Dr. Aznan bin Hasan
Institute of Islamic Banking and Finance
International Islamic University of Malaysia
Jalan Gombak
53100 Kuala Lumpur
- Tel. no.: +603 6196 4192
Fax no.: +603 6196 4856
- STOCK EXCHANGE** : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

THIS SUMMARY OF THE RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.

Summary of the RCUIDS and Warrants	Basis of allotment	2 RCUIDS with 1 Warrant for every 6 Shares held on the Entitlement Date
	Nominal value of RCUIDS to be issued	RM974,513,219.25
	Total number of RCUIDS and Warrants	1,299,350,959 RCUIDS together with 649,675,479 Warrants

Please refer to **Section 2.1** of this Abridged Prospectus for further details of the Rights Issue.

Issue Price and Conversion Price of the RCUIDS : The RCUIDS shall be issued at 100% of its nominal value of RM0.75 each. The Conversion Price is fixed at RM0.75 each for every 1 new AAGB Share.

Please refer to **Section 2.2** of this Abridged Prospectus for the basis and justification for determining the Issue Price and the Conversion Price.

Exercise Price of the Warrants : The Exercise Price is fixed at RM1.00 each.

Please refer to **Section 2.2** of this Abridged Prospectus for the basis and justification for determining the Exercise Price.

Use of proceeds : The gross proceeds of approximately RM974.5 million to be raised from the Rights Issue are expected to be used in the following manner:

Utilisation purposes	Amount (RM '000)	Estimated timeframe for utilisation of proceeds⁽¹⁾
• Fuel hedging settlement	226,742	Within 5 months
• Aircraft lease and maintenance payments	202,764	Within 12 months
• AirAsia Digital's business units	73,732	Within 12 months
• General working capital	450,975	Within 12 months
• Estimated expenses in relation to the Rights Issue	20,300	Within 3 months
Total	974,513	

Note:

(1) From the date of completion of the Rights Issue.

For the avoidance of doubt, the proceeds to be raised from the Rights Issue and the exercise of the Warrants, if any, will be used for Shariah-compliant purposes only.

Please refer to **Section 4** of this Abridged Prospectus for further details of the use of proceeds.

SUMMARY OF THE RIGHTS ISSUE (CONT'D)

Shareholders' undertakings and underwriting arrangements : The Undertaking Shareholders have irrevocably undertaken, through the Entitlement Undertakings, that they and/or their renounee(s) or transferee(s) (if applicable) will subscribe in full for their direct entitlements under the Rights Issue. Subsequently, the Undertaking Shareholders have notified our Company of their intention to renounce in full their respective entitlements to the RCUIDS and the corresponding Warrants under the Rights Issue totaling approximately 343.03 million RCUIDS which amounts to approximately RM257.3 million in nominal value of the RCUIDS, in favour of SASB.

The Managing Underwriter and the Joint Underwriters have entered into the Underwriting Agreement with our Company on 18 November 2021 to underwrite approximately RM717.2 million in nominal value of the RCUIDS, representing 100% of the Open Portion.

Please refer to **Section 3** of this Abridged Prospectus for further details of the Entitlement Undertakings and the underwriting arrangements.

Risk factors : Before making an investment decision, you should carefully consider, along with the other information contained in this Abridged Prospectus, the following risk factors relating to:

- (i) our business, which is exposed to, amongst others, epidemics, pandemics, natural calamities and terrorism, business risks such as seasonality and demand/ supply risk, overseas business risk, and operational risks such as fluctuations in jet fuel prices, failure risks of our aircrafts, equipment, information technology systems and other assets, and other risks such as dependence on renewal of operating licences, dependence on key personnel, insurance coverage may not be sufficient to cover the risks related to our assets, operations and employee, cybersecurity risks, borrowing and financing risk and foreign exchange risk;
- (ii) the Rights Issue, of which includes failure or delay in the completion of the Rights Issue and potential dilution; and
- (iii) risk of PN17 classification.

Please refer to **Section 7** of this Abridged Prospectus for a detailed discussion on the risks associated with investing in the Rights Issue.

Procedures for acceptance of the Provisional Allotments and application for the Excess RCUIDS with Warrants : If you wish to accept your entitlement to the Provisional Allotments, or wish to apply for Excess RCUIDS with Warrants, kindly send the completed and signed RSF, together with the requisite payments by **ORDINARY POST, COURIER or DELIVERED BY HAND** (at your own risk) to our Share Registrar so as to arrive **not later than 5.00 p.m. on 17 December 2021** or through the e-Subscription via TIIH Online website at <https://tiih.online>.

Further details of the procedures for application are set out in **Section 11** of this Abridged Prospectus.



AIRASIA GROUP BERHAD
(Registration No. 201701030323 (1244493-V))
(Incorporated in Malaysia)

Registered Office

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa Kuala Lumpur (Klia2)
64000 KLIA
Selangor Darul Ehsan
Malaysia

2 December 2021

Board of Directors

Datuk Kamarudin bin Meranun (*Non-Independent Executive Chairman*)
Tan Sri Anthony Francis Fernandes (*Non-Independent Executive Director and Chief Executive Officer*)
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (*Non-Independent Non-Executive Director*)
Dato' Fam Lee Ee (*Senior Independent Non-Executive Director*)
Dato' Mohamed Khadar bin Merican (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF RM974,513,219.25 IN NOMINAL VALUE OF RCUIDS AT NOMINAL VALUE OF RM0.75 EACH BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) COMPRISING 1,299,350,959 RCUIDS TOGETHER WITH 649,675,479 WARRANTS, ON THE BASIS OF 2 RCUIDS WITH 1 WARRANT FOR EVERY 6 AAGB SHARES HELD BY OUR ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 2 DECEMBER 2021

1. INTRODUCTION

On 12 July 2021, RHB Investment Bank had, on behalf of our Board, announced that our Company proposed to undertake a renounceable rights issue of up to RM1,024,058,370 in nominal value of RCUIDS at nominal value of RM0.75 each based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held by our Entitled Shareholders on the Entitlement Date.

On 18 October 2021, RHB Investment Bank had, on behalf of our Board, announced that the SC had, vide its letter dated 15 October 2021, granted its approval under Section 214(1) of the CMSA 2007 for the issuance of the RCUIDS, subject to the compliance with the standard conditions and continuing obligations as stipulated in the Guidelines.

On 25 October 2021, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 25 October 2021, approved the following:

- (i) admission to the Official List and the listing and quotation of up to 1,365,411,160 RCUIDS with nominal value of RM1,024,058,370 to be issued pursuant to the Rights Issue;
- (ii) admission to the Official List and the listing and quotation of up to 682,705,580 Warrants to be issued pursuant to the Rights Issue; and
- (iii) listing and quotation of up to 2,048,116,740 new AAGB Shares to be issued pursuant to the conversion of the RCUIDS and exercise of the Warrants.

The approval from Bursa Securities for the above is subject to the following conditions:

No.	Conditions	Status of compliance
1.	AAGB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	To be complied
2.	AAGB and RHB Investment Bank are required to inform Bursa Securities upon completion of the Rights Issue;	To be complied
3.	AAGB and RHB Investment Bank are required to provide a written confirmation that the terms of the Warrants are in compliance with Paragraph 6.54(3) of the Listing Requirements;	Complied
4.	AAGB and RHB Investment Bank are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be complied
5.	AAGB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the RCUIDS and exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 11 November 2021, our shareholders had approved the Rights Issue at our EGM.

On 18 November 2021, RHB Investment Bank had, on behalf of our Board, announced the following:

- (i) that our Board had resolved to fix the Exercise Price at RM1.00 per Warrant, being the lower of RM1.00 per Warrant and RM1.41 per Warrant, being an amount equivalent to approximately 20% premium to the 30-day VWAP of AAGB Shares up to and including 17 November 2021, being the last trading date prior to the announcement of the Entitlement Date dated 18 November 2021, of RM1.1763 per AAGB Share;
- (ii) the execution of the Trust Deed by our Company and the Trustee;
- (iii) the execution of the Deed Poll by our Company;
- (iv) the execution of the Underwriting Agreement by our Company with the Managing Underwriter and Joint Underwriters. Please refer to Section 3.2 of this Abridged Prospectus for the details of the Underwriting Agreement; and

- (v) that the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 2 December 2021.

The SC and Bursa Securities had vide their letters dated 15 October 2021 and 25 October 2021 respectively, approved the Rights Issue as well as the issuance of up to 1,365,411,160 RCUIDS and up to 682,705,580 Warrants. However, as our Company has decided not to place out the remaining 198,180,602 Placement Shares before the Entitlement Date, the maximum issue size of the RCUIDS and Warrants have reduced accordingly. As such, the Rights Issue shall now entail the issuance of 1,299,350,959 RCUIDS and 649,675,479 Warrants.

The RCUIDS and the Warrants will be admitted to the Official List of Bursa Securities and the official listing and quotation for the RCUIDS and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) have been duly credited, and notices of allotment have been despatched to them and upon receipt of the application for quotation of the RCUIDS and the Warrants by Bursa Securities as specified under the Listing Requirements.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue and, if given or made, such information or representation must not be relied upon as having been authorised by us or RHB Investment Bank.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails the issuance of RM974,513,219.25 in nominal value of RCUIDS at 100% of its nominal value of RM0.75 each based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS with 1 Warrant for every 6 AAGB Shares held by our Entitled Shareholders on the Entitlement Date and to be subscribed by our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable).

Based on the nominal value of the RCUIDS of RM0.75 each, the Rights Issue would result in the issuance of 1,299,350,959 RCUIDS together with 649,675,479 Warrants, which was arrived at based our Company's total number of issued Shares of 3,898,052,879 AAGB Shares as at the LPD.

The Rights Issue is renouneable in full or in part. Accordingly, our Entitled Shareholders may subscribe for and/or renoune their respective entitlements to the RCUIDS in full or in part.

The Warrants will only be issued to our Entitled Shareholders who subscribe for the RCUIDS. Entitled Shareholders who renoune all or any part of their entitlements to the RCUIDS provisionally allotted to them shall be deemed to have renoune their corresponding entitlements to the Warrants. The RCUIDS and Warrants are not separately renouneable. However, the Warrants shall be immediately detached from the RCUIDS upon issuance and shall be separately traded on the Main Market of Bursa Securities.

Any RCUIDS which are not subscribed or validly subscribed by our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) before the Closing Date shall be made available for application for the Excess RCUIDS with Warrants by the other Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) in the manner set out in Section 11.7 of this Abridged Prospectus. It is the intention of our Board to allocate the Excess RCUIDS with Warrants in a fair and equitable manner on the basis as set out in Section 11.7 of this Abridged Prospectus.

In determining our Entitled Shareholders' entitlements to the Rights Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as our Board shall in its sole and absolute discretion deem fit or expedient and in the best interests of our Company.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such number of Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments as well as to apply for the Excess RCUIDS with Warrants if you choose to do so. However, only our Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors will receive this Abridged Prospectus, together with the NPA and RSF. Further, an electronic notification on the Rights Issue will also be sent to all Registered Entitled Shareholders on the date of despatch of the NPA and RSF.

The salient terms of the RCUIDS and Warrants are set out in **Appendix I** and **Appendix II** of this Abridged Prospectus respectively.

2.2 Basis and justification for the Issue Price, Conversion Price and Exercise Price

(i) Issue Price and Conversion Price

The RCUIDS shall be issued at 100% of its nominal value of RM0.75 each. The Conversion Price is also fixed at RM0.75 each for every 1 new AAGB Share.

The Issue Price and Conversion Price were arrived at after taking into consideration the following:

- (a) the 30-day VWAP of AAGB Shares up to and including 29 June 2021, being the latest practicable date prior to the announcement of the Rights Issue dated 12 July 2021 ("**Announcement LPD**"), of RM0.9055;
- (b) the TERP per AAGB Share of RM0.8666 calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD; and
- (c) the funding requirements of AAGB Group, as detailed in Section 4 of this Abridged Prospectus.

For information purposes, the Issue Price and Conversion Price both represent:

- (a) a discount of 17.17% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and a discount of 13.45% to the TERP per AAGB Share of RM0.8666 calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD; and
- (b) a discount of 33.32% to the 30-day VWAP of AAGB Shares up to and including the LPD of RM1.1247 and a discount of 27.01% to the TERP per AAGB Share of RM1.0276 calculated based on the 30-day VWAP of AAGB Shares up to and including the LPD.

Our Board is of the opinion that the Issue Price and Conversion Price are reasonable after taking into consideration the following:

- (a) the aforementioned discounts to the 30-day VWAP and TERP is expected to encourage our Entitled Shareholders to subscribe for their entitlements, and further increase their equity participation in our Company pursuant to the conversion of the RCUIDS;
- (b) the profit rate of the RCUIDS of 8% per annum is reasonably attractive as compared to the prevailing 5-year MGS's indicative yield of approximately 2.60% as at May 2021, being the latest available information prior to the announcement of the Rights Issue dated 12 July 2021; and
- (c) the Issue Price is sufficient to meet the near-term funding requirements of our Group, as detailed in Section 4 of this Abridged Prospectus.

Throughout the tenure of the RCUIDS, the Conversion Price may be subject to adjustments under certain circumstances in accordance with the provisions of the Trust Deed.

(ii) Exercise Price

The Warrants attached to the RCUIDS will be issued at no cost to our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) who subscribe to the RCUIDS, and are exercisable into new AAGB Shares.

The Exercise Price has been fixed at RM1.00 each on 18 November 2021, being the lower of:

- (a) RM1.00 per Warrant; or
- (b) RM1.41 per Warrant, being an amount equivalent to approximately 20% premium to the 30-day VWAP of AAGB Shares up to and including 17 November 2021, being the last trading date prior to the announcement of the Entitlement Date dated 18 November 2021, of RM1.1763 per AAGB Share, after taking into consideration the following:
 - (A) the trading prices of AAGB Shares in the last 12 months preceding the Announcement LPD which ranged between RM0.51 to RM1.27 (Source: Bloomberg);
 - (B) the prospects of our Group, as detailed in Section 6.4 of this Abridged Prospectus; and
 - (C) that RM1.00 represents a premium of approximately 10% and 15% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and the TERP per AAGB Share of RM0.8666 (calculated based on the 30-day VWAP of AAGB Shares up to and including the Announcement LPD) respectively.

For information purposes, the Exercise Price represents:

- (a) a premium of 10.44% to the 30-day VWAP of AAGB Shares up to and including the Announcement LPD of RM0.9055 and a discount of 11.09% to the 30-day VWAP of AAGB Shares up to and including the LPD of RM1.1247; and

- (b) a discount of 2.69% to the TERP per AAGB Share of RM1.0276 calculated based on the 30-day VWAP of AAGB Shares up to and including the LPD.

Our Board is of the opinion that the basis of determining the Exercise Price is reasonable after taking into consideration the following:

- (a) that the Warrants will be issued at no cost to our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) who subscribe to the RCUIDS;
- (b) the prospects of our Group, as detailed in Section 6.4 of this Abridged Prospectus; and
- (c) the additional cash proceeds which our Company would be able to raise to fund the general working capital of our Group in the event the Warrants Holders exercise the Warrants.

Throughout the tenure of the Warrants, the Exercise Price may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

2.3 Ranking of the RCUIDS, Warrants and new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants

The RCUIDS will constitute direct, unsubordinated, unconditional and unsecured obligations of our Company and will at all times rank equally and without any preference or priority among themselves. The payment obligations of our Company under the RCUIDS shall, save for exceptions as may be provided by mandatory provisions of applicable laws and subject to the terms and conditions of the RCUIDS, at all times, rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Warrants shall be of the same class rank equally and rateably without discrimination or preference regardless of denomination as unsecured obligations of our Company ranking (subject to such exceptions as may from time to time exist under any applicable law or the Deed Poll) equally with all of other present and future unsecured obligations (other than subordinated obligations, if any) of our Company.

The new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders of our Company, the entitlement date of which is prior to the allotment date of the new AAGB Shares to be issued upon conversion of the RCUIDS and/or exercise of the Warrants.

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3. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

Our Company has procured the Entitlement Undertakings from the Undertaking Shareholders and have made underwriting arrangements for 100% of the Open Portion such that the Rights Issue will be implemented on a full subscription basis.

3.1 Entitlement Undertakings

Our Company had procured the Entitlement Undertakings from the Undertaking Shareholders to, or procure their renounee(s) or transferee(s) (if applicable) to, subscribe in full for their direct entitlements under the Rights Issue. The details of the Entitlement Undertakings based on their shareholdings in our Company as at the LPD are as follows:

Undertaking Shareholders	Direct shareholdings as at the LPD		Entitlement Undertakings			No. of Warrants attached to the RCUIDS
	No. of Shares	(%)(¹)	No. of RCUIDS	(%)(²)	Amount (RM)	
TLSB	509,000,000	13.06	169,666,666	13.06	127,250,000	84,833,333
TASB	516,485,082	13.25	172,161,694	13.25	129,121,270	86,080,847
TSTF	1,600,000	0.04	533,333	0.04	400,000	266,666
DKM	2,000,000	0.05	666,666	0.05	500,000	333,333
Total			343,028,359		257,271,270	171,514,179

Notes:

(1) Based on the total number of 3,898,052,879 Shares in issue as at the LPD.

(2) Based on the total number of 1,299,350,959 RCUIDS to be issued pursuant to the Rights Issue.

Subsequently, the Undertaking Shareholders have notified our Company of their intention to renounce their respective entitlements to the RCUIDS and the corresponding Warrants under the Rights Issue in full in favour of SASB.

Following the above, SASB has provided an unconditional and irrevocable written undertaking to our Company, pursuant to which it has confirmed that it has sufficient financial resources to subscribe in full for the respective entitlements of the Undertaking Shareholders under the Rights Issue which will be renounced in its favour and to make payment in full upon such subscription.

The Undertaking Shareholders have confirmed and RHB Investment Bank has verified, that the Undertaking Shareholders (through SASB, being their renounee) and SASB have sufficient financial resources to subscribe in full for the direct entitlements of the Undertaking Shareholders under the Rights Issue and to make payment in full upon such subscription.

For our shareholders' information, SASB is a special purpose vehicle set-up by TSTF and DKM to obtain financing to fund the full subscription of the Undertaking Shareholders' direct entitlements to the RCUIDS and the corresponding Warrants under the Rights Issue. As such, the Undertaking Shareholders shall renounce their respective entitlements to the RCUIDS and the corresponding Warrants in favour of SASB to allow SASB to fulfill the Entitlement Undertakings.

Further, after having considered the above, our Company is expected to remain in compliance with the public shareholding spread requirement which requires us to ensure that at least 25% of our total listed Shares (excluding treasury shares, if any) are in the hands of public shareholders as stipulated in Paragraph 8.02(1) of the Listing Requirements.

The Entitlement Undertakings will not give rise to a mandatory take-over obligation for the remaining AAGB Shares not already owned by the Undertaking Shareholders and/or persons acting in concert with them (“**Mandatory Offer**”) as the RCUIDS do not carry any voting rights in our Company until and unless they are converted into new AAGB Shares. A Mandatory Offer will only arise if the conversion of the RCUIDS and/or exercise of the Warrants to be held by the Undertaking Shareholders and/or persons acting in concert with them result in their collective shareholdings in our Company exceeding 33%.

For the avoidance of doubt, it is not the intention of the Undertaking Shareholders and/or SASB to undertake any Mandatory Offer as a result of the Entitlement Undertakings. In this regard, the Undertaking Shareholders have confirmed that they will at all times observe and ensure compliance with the provisions of the Rules and the Malaysian Code on Take-overs and Mergers 2016 issued by the SC to avoid triggering such obligation to extend a Mandatory Offer. Should the need arise, the Undertaking Shareholders will make an application to the SC to seek an exemption under the Rules from the obligation to undertake a Mandatory Offer before the conversion of their RCUIDS and/or exercise of their Warrants.

3.2 Underwriting arrangements

We had on 18 November 2021 entered into the Underwriting Agreement with the Managing Underwriter and Joint Underwriters to underwrite 956,322,600 RCUIDS (“**Underwritten RCUIDS**”), representing 100% of the Open Portion, subject to the terms and conditions of the Underwriting Agreement and in the following proportions:

<u>Name</u>	<u>No. of Underwritten RCUIDS</u>	<u>Value of the Underwritten RCUIDS at the Issue Price (RM)</u>	<u>% of total Underwritten RCUIDS⁽¹⁾</u>	<u>% of total RCUIDS⁽²⁾</u>	<u>No. of Warrants attached to the RCUIDS</u>
RHB Investment Bank	248,322,600	186,241,950	26.0	19.11	124,161,300
Kenanga Investment Bank Berhad	708,000,000	531,000,000	74.0	54.49	354,000,000
Total	956,322,600	717,241,950	100.0	73.60	478,161,300

Notes:

(1) Based on the total number of 956,322,600 Underwritten RCUIDS.

(2) Based on the total number of 1,299,350,959 RCUIDS to be issued pursuant to the Rights Issue.

The managing underwriting commission of the Managing Underwriter is 0.3% of the value of the total Underwritten RCUIDS while the underwriting commission of the Joint Underwriters is 2.0% of the value of the RCUIDS underwritten. The managing underwriting commission and underwriting commission payable to the Managing Underwriter and Joint Underwriters as well as all related costs in relation to the Underwriting Agreement will be fully borne by our Company and settled using the gross proceeds to be raised from the Rights Issue, details of which are disclosed in note 5 under Section 4 of this Abridged Prospectus.

If the number of RCUIDS taken up or duly applied for by way of application for the Excess RCUIDS with Warrants by our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) in accordance with the terms of this Abridged Prospectus is insufficient for our Company to raise gross proceeds of approximately RM974.5 million from the Rights Issue, the Joint Underwriters, upon notice being provided by our Company, will be required to apply for and/or procure applications for, the subscription of the Underwritten RCUIDS in accordance with the Underwriting Agreement.

For the avoidance of doubt, the Underwritten RCUIDS does not include any of the Undertaking Shareholders' entitlements under the Rights Issue as set out in Section 3.1 of this Abridged Prospectus, for which the Entitlement Undertakings have been obtained.

However, in the event of the occurrence of any of the following circumstances set out below on or before the Trading Date (as defined below), the Majority Joint Underwriters (as defined below), acting on behalf of themselves and all the Joint Underwriters, shall be entitled to terminate the Underwriting Agreement by giving a termination notice in writing to our Company.

If the Underwriting Agreement is terminated, our Company will not proceed to complete the Rights Issue and all subscription monies received pursuant to the Rights Issue will be refunded without interest to the subscribing Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable).

The events or circumstances are as follows:

- (i) any non-fulfilment of conditions precedent set out in the Underwriting Agreement unless such conditions are waived or extended; or
- (ii) any breach of any of the obligations and undertakings of our Company under the Underwriting Agreement occurs which will have a Material Adverse Effect (as defined below) or the occurrence of any Specified Event (as defined below); or
- (iii) if the registration of this Abridged Prospectus with the SC, necessary approval of Bursa Securities required for the listing and quotation of the RCUIDS, Warrants and new Shares to be issued pursuant to the conversion of the RCUIDS and the exercise of the Warrants on the Main Market of Bursa Securities is revoked, suspended or withdrawn or lapses or if any of the conditions for such consents or approvals have not been fulfilled to the satisfaction of the SC or Bursa Securities or waived by it; or
- (iv) if the obligations of the Joint Underwriters to subscribe for and/or procure subscriptions for the Underwritten RCUIDS or distribution of the Provisional Allotments is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction which would have the effect of making it impracticable to enforce contracts to allot and/or transfer the Underwritten RCUIDS or making any obligations under the Underwriting Agreement incapable of performance in accordance with its terms; or
- (v) if there shall have occurred, happened or come into effect, any circumstance, such as:
 - (a) the commencement of legal proceedings or any action against our Company;
 - (b) any, or any prospective, change in or introduction of any legislation, regulation, directive, policy, guideline or interpretation or application thereof by any court or other competent authority in any relevant jurisdiction in which any member of our Group conducts or carries on business;

- (c) any, or any prospective, change, or any development in local, national or international monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market in Malaysia or elsewhere), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including any disruption to trading generally, on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls in any jurisdiction, any imposition of travel restriction in Malaysia, Indonesia, Thailand and the Philippines that will materially affect our Company's airline operation or any Underwriting Force Majeure Event (as defined below),

which, in the opinion of the Joint Underwriters, collectively, acting reasonably in arriving at their determination, would have or would reasonably be expected to have a Material Adverse Effect; or

- (vi) the FTSE Bursa Malaysia KLCI ("**Index**") to be at the close of normal trading on any Market Day:
 - (a) on or after the date of the Underwriting Agreement; and
 - (b) prior to the Settlement Date (as defined below),

lower than 85% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days; or

- (vii) there shall have occurred any event, development or occurrence, or series of events, development or occurrences, in the opinion of the Majority Joint Underwriters, would have or would reasonably be expected to have a Material Adverse Effect; or
- (viii) there shall have occurred any moratorium, suspension or material restriction on trading in securities generally on Bursa Securities or trading in the Shares shall have been suspended by Bursa Securities or limited or minimum prices shall have been established on Bursa Securities for 3 consecutive Market Days or more; or
- (ix) any stop-order, injunction, direction, investigation, or action having similar effect, being issued or announced by Bursa Securities, the SC or any other judicial, governmental or regulatory authority in relation to the Rights Issue; or
- (x) the Entitlement Undertakings shall have been terminated or rescinded, whether in accordance with their terms or otherwise, or the Undertaking Shareholders have failed to perform its obligations thereunder, or the Entitlement Undertakings become void or unenforceable or performance of the Undertaking Shareholders' obligations thereunder becomes unlawful impossible or unenforceable for whatever reason; or
- (xi) the Underwriting Closing Date (as defined below) does not occur within 20 days from the issuance of the Documents, or such other extended date as may be agreed between our Company and the Managing Underwriter; or
- (xii) the RCUIDS and Warrants not being listed and quoted on the Main Market of Bursa Securities on or before the Trading Date, being a date no later than 8 January 2022, unless otherwise mutually agreed between the Joint Underwriters and our Company; or
- (xiii) our Company withholds any information from the Joint Underwriters, which, in the opinion of the Majority Joint Underwriters, would have or would reasonably be expected to have a Material Adverse Effect; or

- (xiv) there shall have occurred, happened or come into effect any event or series of events by reason of any Underwriting Force Majeure Event which would have or can be expected by the Joint Underwriters, collectively, acting reasonably in arriving at their determination, to have a Material Adverse Effect on the completion of the Rights Issue or which would have or would reasonably be expected to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms; or
- (xv) any of the resolutions or approvals referred to in the Underwriting Agreement is rescinded, revoked, suspended, varied or ceases to have any effect whatsoever; or
- (xvi) the registration or lodgment of any amendment, supplement or replacement to this Abridged Prospectus, as the case may be, with the SC or Companies Commission of Malaysia for any of the following reasons:
 - (a) this Abridged Prospectus contains a statement or information that is false or misleading;
 - (b) this Abridged Prospectus contains a statement or information from which there is a material omission; or
 - (A) there has been a significant change affecting a matter disclosed in this Abridged Prospectus; or
 - (B) a matter has arisen and information in respect of that matter would have been required by Sections 235 and 236 of the CMSA or any other requirement under the CMSA (including any applicable guidelines issued by the SC) or the Listing Requirements, at the time this Abridged Prospectus was prepared,

provided always that such change, matter or information, as the case may be, in the reasonable opinion of the Majority Joint Underwriters renders the situation to be commercially impracticable to proceed with the Rights Issue on the terms and in the manner contemplated in the Documents and the Underwriting Agreement.

“Majority Joint Underwriters” mean such Joint Underwriters who have agreed to underwrite in aggregate more than 50% of the total Underwritten RCUIDS.

“Material Adverse Effect” means any event, development or occurrence, or series of events, development or occurrences, which have or could be expected to have a material adverse effect or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following:

- (i) the condition (financial, business, operations or otherwise), management, general affairs, business, assets, liquidity, liabilities, prospects, earnings, properties or results of operations of our Company and our Group, taken as a whole;
- (ii) the ability of our Company to perform our obligations under or to consummate the transactions contemplated by the Underwriting Agreement and the Rights Issue;
- (iii) the ability of the Undertaking Shareholders to perform their obligations under the Entitlement Undertakings, being to subscribe and pay for their respective entitlements of RCUIDS as at the Entitlement Date;
- (iv) the ability of our Company to complete the Rights Issue; or

- (v) the ability of our Company and our Group, taken as a whole to conduct our businesses and to own or lease our assets and properties as described in the Abridged Prospectus.

“Settlement Date” means the date on which our Company allots and issues the RCUIDS and where such RCUIDS are credited to the CDS Accounts of our Entitled Shareholders, their renounee(s) or transferee(s) (if applicable) or any other parties, as the case may be, who have accepted their RCUIDS (or who have applied for and have been allocated Excess RCUIDS with Warrants) and/or of the respective Joint Underwriters who have subscribed for unsubscribed RCUIDS (or their nominees or such persons as the Joint Underwriters may have procured), which date shall be no later than 8 Market Days after the Underwriting Closing Date, or such other period as may be prescribed or allowed by Bursa Securities.

“Specified Event” means an event occurring after the date of the Underwriting Agreement and on or prior to the Settlement Date or the Trading Date, as the case may be, which if it had occurred before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect.

“Trading Date” means the date of the listing and quotation of the RCUIDS on the Main Market of Bursa Securities, which shall be no later than 2 Market Days after the Settlement Date or such other date as approved by the SC, Bursa Securities and any relevant authorities and mutually agreed upon by our Company and the Joint Underwriters in writing.

“Underwriting Closing Date” means the Closing Date, or such extended date as may be agreed between our Company and the Joint Underwriters but in any event it shall be a date falling on a day which is at least 11 Market Days after the Entitlement Date.

“Underwriting Force Majeure Event” means any event or series of events beyond the reasonable control of our Company or any of the Joint Underwriters including (without limitation) acts of government, change of law, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents, where in the context of the existing COVID-19 pandemic, any worsening of it.

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4. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of approximately RM974.5 million from the Rights Issue.

Our Company intends to use the proceeds arising from the Rights Issue in the following manner:

<u>Utilisation purposes</u>	<u>Amount (RM'000)</u>	<u>Estimated timeframe for utilisation of proceeds*</u>
Fuel hedging settlement ⁽¹⁾	226,742	Within 5 months
Aircraft lease and maintenance payments ⁽²⁾	202,764	Within 12 months
AirAsia Digital's business units ⁽³⁾	73,732	Within 12 months
General working capital ⁽⁴⁾	450,975	Within 12 months
Estimated expenses in relation to the Rights Issue ⁽⁵⁾	20,300	Within 3 months
Total	974,513	

Notes:

* From the date of completion of the Rights Issue.

- (1) Refers to fuel hedges entered into prior to year 2020 and given deferred payment terms of 2 years, which will become due in year 2022.
- (2) Our Company intends to allocate 70% and 30% of the proceeds earmarked for aircraft lease payments and aircraft maintenance payments, respectively. We intend to utilise the funds to make payments for maintenance to ensure that the aircrafts remain fit for flying as our Group ramps up our operations in-line with the re-opening of interstate travel and international travel. We will also utilise the funds to fulfil aircraft lease obligations to the lessors who have restructured the lease contracts, as our Group expects the future revenue to be generated from flights upon recovery of travel industry to achieve adequate cashflow level to fulfil our aircraft lease obligations over a period of time, due to the size of the fleet of our Group.
- (3) Our Group has been growing our digital pillar via AirAsia Digital's subsidiaries, in line with our Group's transformation into a digital lifestyle company, anchored on travel. Our Company intends to earmark approximately RM73.7 million for marketing expenses, product and market expansion costs, as well as technology development costs for initiatives under AirAsia Digital, namely airasia super app (held by AirAsia Com Travel Sdn Bhd, a wholly-owned subsidiary of AirAsia Digital) and Teleport Group, as follows:

	<u>Indicative allocation (%)</u>
airasia super app	
Marketing expenses	40.0
Technology development costs	20.0
Teleport Group	
Product and market expansion costs	20.0
Working capital	20.0
Total	100.0

Please refer to Section 6.4 of this Abridged Prospectus for further details on our Group's airasia super app and Teleport Group under AirAsia Digital.

Any variation to the amounts allocated for the marketing expenses, technology development costs, product and market expansion costs and working capital for airasia super app and Teleport Group will result in an adjustment to/from the proceeds being earmarked for the general working capital of our Company, AAB and/or our other subsidiaries.

- (4) Our Company has earmarked approximately RM451.0 million to fund the general working capital of our Company, AAB (other than intercompany loan transactions involving AAB and/or any of its affiliates) and/or our other subsidiaries. The said proceeds will be used to finance the day-to-day operations as and when the need arises, which include staff-related costs, variable costs (i.e., jet fuel, user charges, power-by-the-hour maintenance costs, etc.), IT operating expenses and other general working capital requirements, as follows:

	<u>Indicative allocation</u> (%)
Staff-related costs ^(a)	50-70
Variable costs – jet fuel, user charges, power-by-the-hour maintenance costs, etc. ^(b)	10-30
IT operating expenses and other general working capital requirements ^(c)	20

- (a) As our Group prepares for the recovery of travel, we expect staff-related costs to increase when our Group starts to ramp-up flights gradually. Cabin crew and pilots on unpaid leave of absence would be reinstated for duty in stages. In addition, staff-related costs also include mandatory training for pilot and cabin crew to achieve the required minimum flying hours before they can fly, and safe flying related costs such as Covid-19 self-test kits, masks and protection gears for the cabin crew.
- (b) Power-by-the-hour maintenance refers to the maintenance, repair and overhaul programme for our Group's aircraft engines which are tagged to the flying hours of the engine.
- (c) Other general working capital requirements include back-office support services fees payable to the shared services subsidiary of our Group, and office and airport office maintenance related expenses which will include additional costs for sanitisation as a preventive step taken to address the COVID-19 pandemic.

The allocation and breakdown of the proceeds to be utilised for the general working capital of our Company, AAB and/or our other subsidiaries as disclosed above are indicative and subject to change due to the nature of business of the said companies' operations.

- (5) The estimated expenses consist of the following:

Estimated expenses	<u>Amount (RM'000)</u>
Professional fees ⁽¹⁾	1,964
Underwriting commission ⁽²⁾	16,497
Fees payable to the relevant authorities ⁽³⁾	388
Other expenses in relation to the Rights Issue ⁽⁴⁾	1,451
Total	<u>20,300</u>

- (1) Comprising fees payable to our Principal Adviser, legal adviser for the Rights Issue, Shariah Adviser, Trustee, Share Registrar and other professionals.
- (2) Comprising of the managing underwriting commission and underwriting commission as set out in Section 3.2 of this Abridged Prospectus.
- (3) Comprising fees payable to Bursa Securities, SC and the Registrar of Companies.
- (4) Comprising expenses to convene the EGM, printing and advertising costs, sales and service tax of the professional fees and underwriting commission, as well as other ancillary expenses incurred in relation to the Rights Issue.

Any variation to the actual amount of expenses for the Rights Issue will result in an adjustment to/from the proceeds earmarked for the general working capital of our Company, AAB and/or our other subsidiaries.

Pending utilisation of the proceeds arising from the Rights Issue for the abovementioned purposes, the proceeds will be placed in Shariah-compliant deposits or investment accounts or invested in Islamic short-term money market instruments as our Board may deem fit to earn profit. The profit derived from the Shariah-compliant deposits or investment accounts or any profit arising from the Islamic short-term money market instruments, if any, will be utilised for our Group's general working capital at the relevant point in time.

No proceeds will be raised arising from the conversion of the RCUIDS into new AAGB Shares as the conversion will not require any cash payment by the RCUIDS Holders and will be wholly satisfied through the surrender of RCUIDS with an aggregate nominal value equivalent to the Conversion Price for cancellation by our Company.

The exact quantum of proceeds arising from the exercise of the Warrants is dependent on the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants will be utilised for our Group's general working capital at the relevant point in time. Pending utilisation of the proceeds to be raised from the exercise of the Warrants, the proceeds will be placed in Shariah-compliant deposits or investment accounts or invested in Islamic short-term money market instruments as our Board may deem fit to earn profit.

For the avoidance of doubt, the proceeds to be raised from the Rights Issue and the exercise of the Warrants, if any, will be used for Shariah-compliant purposes only. The proceeds are not intended to be utilised for project or capital expenditure and there are no conditions imposed on the utilisation of proceeds.

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5. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise funds for the various segments of our Group's businesses as set out in Section 4 of this Abridged Prospectus.

The Rights Issue is also undertaken in response to a series of unexpected events outside our Group's control, primarily attributed to the outbreak of the global COVID-19 pandemic which has created significant challenges for the airline industry. Travel restrictions imposed by various governments across the globe have led to significantly reduced inbound and outbound passenger traffic for our Group and uncertainty over our Group's future prospects and operations.

For your information, our Board has considered the following factors before embarking on the Rights Issue:

Impact on business operations

(a) FYE 31 December 2020 compared to FYE 31 December 2019

Our Group's revenue for the FYE 31 December 2020 plunged by approximately 74% from approximately RM11.9 billion for the FYE 31 December 2019 to approximately RM3.1 billion due to the COVID-19 pandemic which saw many countries announce lockdowns and border restrictions. Our Group had also hibernated our fleet since the end of the first quarter of 2020 to contain our operating expenses and has focused on providing limited domestic operations in the countries it operates. Our Group operated at 29% of pre-COVID-19 capacity, led by AirAsia Indonesia with 33% of its capacity.

For the FYE 31 December 2020, our Group reported a LAT of approximately RM5.1 billion, as compared to the LAT of approximately RM315.8 million for the FYE 31 December 2019. For the FYE 31 December 2020, the number of passengers carried by our Group dropped by 74% on the back of a 71% decrease in capacity and a 77% decrease in revenue passenger kilometres, as compared to the FYE 31 December 2019. Due to the current economic conditions impacting airlines, our Group had incurred an extraordinary impairment of rights-of-use assets of approximately RM552.3 million, impairment of receivables, amount due from an associate and related parties and investment in an associate totaling RM1.4 billion as well as fuel swap losses of approximately RM972.2 million for the FYE 31 December 2020.

(b) 9-month FPE 30 September 2021 compared to 9-month FPE 30 September 2020

For the 9-month FPE 30 September 2021, our Group's revenue decreased by 66% from approximately RM3.0 billion for the 9-month FPE 30 September 2020 to approximately RM1.0 billion as the impact of the COVID-19 pandemic continues to affect our Group's operations adversely. This was primarily due to lockdown and interstate and international travel restrictions imposed by the Malaysian government since January 2021, with prolonged re-opening of international travel due to the respective countries' international travel restrictions. Our Group operated at 18% of pre-COVID-19 domestic capacity during the first 9-month of 2021 where most of the international borders remained closed.

For the 9-month FPE 30 September 2021, our Group recorded lower LAT of approximately RM2.2 billion, compared to the LAT of approximately RM2.7 billion for the 9-month FPE 30 September 2020. This was mainly due to the absence of losses from fuel hedging as the restructuring of fuel hedging positions has been completed, and our Group's continued efforts with our cost containment measures initiated since the outbreak of the global COVID-19 pandemic, which include the right sizing of manpower and salary cuts for management, staff and directors, and other key efforts to preserve cash which include negotiations for restructuring of payments with lessors, suppliers and partners. At the same time, our Group is actively managing flight capacity in line with demand.

A major portion of the loss for the period was attributed to depreciation of right-of-use assets and interest expenses on lease liabilities amounting to approximately RM1.2 billion and RM343.2 million respectively. Further, our Group's performance was dragged down by foreign exchange losses of approximately RM314.8 million.

Overall, in line with vaccination schedules and the gradual ramp-up in demand for air travel, our Group will continue to exercise our active capacity management strategy and is targeting to operate approximately 40-50% of our 2019 pre-COVID-19 capacity by the end of 2021, with thereafter the corresponding ramp-up in our flight schedule to normalcy. We will also continue to assess the potential of increasing flights and adding destinations in the coming months. However, such plans remain contingent on the further relaxation or tightening of health measures in markets which our Group operates.

Impact of the Rights Issue and value creation of the Rights Issue to our Group and our shareholders

The Rights Issue will enable our Company to raise gross proceeds of approximately RM974.5 million to provide our Group with sufficient funding to ride through the current challenging environment and meet our Group's funding requirements, as detailed in Section 4 of this Abridged Prospectus. The future conversion of the RCUIDS and the exercise of the Warrants as illustrated in Section 8.2 of this Abridged Prospectus will also improve our Group's financial position with an increase in the net assets and improvement in the gearing of our Group.

After due consideration of the various methods of fund-raising available, our Board is of the opinion that the Rights Issue is the most appropriate avenue of raising funds given the prevailing market conditions, after taking into consideration, among others, the following factors:

- (i) the issuance of the RCUIDS would enable our Group to secure funding of approximately RM974.5 million, at a fixed funding cost for a period of 7 years, thereby reducing our Group's exposure to interest rate fluctuations, which in turn would enable our Group to manage our cash flows more efficiently;
- (ii) the issuance of the RCUIDS would minimise the immediate dilution effect on our Company's EPS, which would otherwise arise from a pure equity issuance, as the RCUIDS are expected to be converted over a period of time by our Entitled Shareholders to increase their equity participation in our Company;
- (iii) our Company would be able to strengthen our eventual capital base upon the conversion of the RCUIDS and exercise of the Warrants and thus, improve our Group's eventual net assets position; and
- (iv) the proceeds to be received by our Company from any exercise of the Warrants by the Warrants Holders will provide additional funds to our Group to finance our working capital requirements without incurring any interest costs from bank borrowings.

The RCUIDS provides an opportunity to our Entitled Shareholders to subscribe to unsecured equity-linked debt securities with a reasonably attractive profit rate of 8% per annum (as compared to the prevailing 5-year MGS's indicative yield of approximately 2.60% as at May 2021, being the latest available information prior to the announcement of the Rights Issue dated 12 July 2021). Furthermore, the RCUIDS with Warrants are offered to all our Entitled Shareholders on a pro-rata basis which allows equal opportunity for our Entitled Shareholders to further increase their equity participation in our Company through the conversion of the RCUIDS at the Conversion Price and exercise of the Warrants at the Exercise Price. The Warrants attached to the RCUIDS will be issued at no cost to our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) who subscribe to the RCUIDS and hence, is expected to incentivise them to subscribe for the RCUIDS.

Adequacy of the Rights Issue in addressing our Group's financial concerns

The Rights Issue will not fully address our Group's current financial concerns as the estimated gross proceeds of approximately RM974.5 million may not be sufficient to meet our long-term cash flow requirements in the wake of the COVID-19 pandemic, with the full recovery of our Group's business remaining uncertain at this juncture. For our shareholders' information, the Rights Issue forms one part of our Group's capital raising plan which entails a combination of debt and equity fund-raising initiatives, including future private placement exercise as well as bank borrowings, which enables our Group to raise funds to meet the near to medium-term cash flow requirements of our Group.

The Rights Issue will serve as an interim measure to address the near-term cash flow requirements of our Group whilst our management continues to explore other available options and/or corporate proposals to be undertaken with the intention to improve our Group's financial performance in the longer term.

Measures taken to improve our Group's financial performance and condition

We have taken the following measures to improve our Group's financial performance and condition:

- (i) reduced our Group's operating expenses by implementing cost cutting measures such as right sizing of manpower, salary cuts for management, staff and directors, negotiation of aircraft lease restructuring with lessors, suppliers and partners, and restructuring of fuel hedging positions. Further to working capital management, our Group has also significantly reduced our cash burn rate through various cost containment and optimisation measures during the FYE 31 December 2020;
- (ii) ensuring our liquidity and capital adequacy. As at 31 December 2020, our Group has secured term loans and revolving credits of RM300 million from a financial institution, sale and leaseback of 7 engines which raised approximately RM400 million, and disposed 33% equity interest in AirAsia (India) Limited which raised approximately RM152.9 million. Subsequent to the FYE 31 December 2020, our Group has completed 2 tranches of Private Placement involving the issuance of approximately 470.2 million Placement Shares and raising total proceeds of approximately RM336.5 million, and disposed our entire holding of approximately 3.3 million common shares in Fly Leasing Limited which raised approximately RM240.0 million;
- (iii) continue to grow our digital businesses. The digital businesses are envisaged to cover e-commerce, logistics and fintech across the ASEAN region through our Group's airasia super app and BigPay app, which are intended to have an extensive reach to customers with low customer acquisition cost; and
- (iv) implement continuous flight capacity and network revenue management in response to global travel restrictions and the current progressive uplifting of travel restrictions by the respective countries. This is evidenced by our Group's active fleet management, with management making timely decisions to either reinstate flights or hibernate the fleet as and when necessary. The capacity of the flights moves in tandem with local regulatory requirements and developments of active COVID-19 cases of the corresponding flight destinations. Our Group consistently monitors the route profitability and concentrates on the most profitable and popular routes. Our Group has also been and will continue to adjust future available capacity to match observed booking trends for future travel to optimise the load factors of each flight.

In the longer term, all aspects of our Group's business model will be actively re-evaluated. Our management team will recommend to our Board the optimum capital structure and operational strategy of our Group to meet the air travel needs of our customers while keeping our Group's financial status at a healthy level and meeting our responsibilities to shareholders. This may involve rationalisation of future planned capacities compared to before the pandemic, taking into account the market outlook and cost structure at that time.

Our Board will continue to explore opportunities to improve our Group's capital structure. If suitable market conditions arise, our Group may further access the equity and debt capital markets to further strengthen our balance sheet.

(Source: Our management)

6. INDUSTRY OVERVIEW AND PROSPECTS OF OUR GROUP

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan ("**NRP**") during the third quarter of 2021. As a result, the economy contracted by 4.5% (2Q 2021: +16.1%). Economic activity was particularly impacted in July under Phase 1 of the NRP, but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction, particularly the construction sector, which was constrained by operating capacity limits. On the demand side, the restrictions on mobility, especially on inter-district and inter-state travel, has weighed on consumption and investment activity, while continued increase in public sector consumption spending provided some support to overall growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

All economic sectors recorded negative growth in the third quarter of 2021. The services sector declined by 4.9% (2Q 2021: 13.5%). The services sector was affected by weaker consumer-related activities amid the re-imposition of the lockdown, particularly in July. Nonetheless, consumer-related activities have shown emerging signs of recovery on a month-on-month basis since August as operating restrictions were eased, including for restaurants and recreational activities. The finance and insurance subsector continued to grow, driven mainly by higher net insurance premiums. Growth in the information and communication subsector provided some support amid continued demand for data communications services particularly for e-commerce and e-payment activities.

Domestic demand declined by 4.1% (2Q 2021: 12.4%) in the third quarter of 2021, as private consumption and investment activities were affected by the imposition of phased restrictions under NRP. On the external front, net exports contracted by 37.5% (2Q 2021: 34.3%) as growth in imports outpaced the growth in exports.

Private consumption declined by 4.2% (2Q 2021: 11.7%), as the stringent containment measures and mobility restrictions weighed on household spending in the first half of the quarter. Similarly, labour market conditions also weakened in the same period with weaker income and employment growth. Nevertheless, various policy measures, including the EPF i-Sinar and i-Citra withdrawals as well as Bantuan Khas COVID-19, continued to provide support to affected households.

Public consumption expanded by 8.1% during the quarter (2Q 2021: 9.0%), supported by COVID-19 related expenditure, including vaccine procurement and logistics spending.

Private investment declined by 4.8% (2Q 2021: 17.4%), as the containment measures had constrained firms' operating capacity and affected the realisation of investments, particularly in structures. The impact however, was mitigated by the increase in capital spending for ICT equipment and research and development, especially as firms in the export-oriented sectors continued to expand their capacity. Public investment recorded a contraction of 28.9% (2Q 2021: 12.0%).

Headline inflation, as measured by the annual percentage change in the Consumer Price Index, moderated to 2.2% during the quarter (2Q 2021: 4.1%). Lower inflation during the quarter mainly reflected the dissipating base effect from fuel prices as well as the implementation of a three-month electricity bill discount effective July 2021.

In the third quarter of 2021, gross exports expanded by 15.8% (2Q 2021: 44.0%) reflecting broad-based increase across products amid strong external demand. Gross imports grew by 21.0% (2Q21: 33.3%), driven by the expansion in intermediate imports and a turnaround in capital imports. The trade surplus widened to RM61.3 billion (2Q 2021: RM56.4 billion).

For 2021, the Malaysian economy remains on track to achieve the projected growth range of 3.0% - 4.0%. The recent gradual relaxations for reopening of more economic sectors, along with higher adaptability of firms to the new operating environment and continued policy support, partly mitigated the impact of nationwide containment measures in the third quarter. Furthermore, the successful rollout of the vaccination programme, which has resulted in improved health outcomes, has enabled a phased and safe reopening of economic sectors and allow the economy to continue its recovery path.

Going into 2022, the positive growth momentum is expected to improve. The economy would benefit from expansion in global demand, higher private sector expenditure in line with the resumption of economic activity and continued policy support. The balance of risks remains tilted to the downside due to external and domestic factors. These include a weaker-than-expected global growth, a worsening in supply chain disruptions, and the re-imposition of containment measures due to the impact of new COVID-19 variants of concern.

For 2021, headline inflation is projected to average between 2.0% and 3.0%. Underlying inflation, as measured by core inflation, is expected to average below 1.0% for the year.

(Source: BNM Quarterly Bulletin 3Q 2021, Bank Negara Malaysia)

6.2 Overview and outlook of the aviation industry

Malaysia's tourist arrivals recorded a decline of 99.4% YoY in 1Q21 (1Q20: -36.8% YoY). The number of tourist arrivals has been declining at a monthly average of 99.5% YoY since 2Q20. On a QoQ basis, the tourist arrivals recorded a decline of 1.5% QoQ in 1Q21 (1Q20: -8.0% QoQ).

The Ministry of Tourism, Arts and Culture had proposed a framework to reactivate the domestic tourism activities in line with the National Recovery Plan ("NRP") through the COVID-19 Free Destination Programme. This programme aims to accelerate the vaccination process for residents in selected tourism destinations to revive the domestic tourism industry.

On 8 August 2021, the Malaysian Government announced a new set of guidelines for individuals who have been fully vaccinated in the states classified under Phases 2 and 3 of the NRP. For those states, intrastate tourism can resume with hotels and homestays open for business.

The recovery of international travel continues to be a challenge due to the current situation of the pandemic in Malaysia. Malaysia is not the only country that had been severely affected by the pandemic. The World Tourism Organization (“**UNWTO**”) had announced that the crash in international tourism due to the pandemic could cause a combined loss of more than RM16.6 trillion to the global gross domestic product for 2020 and 2021. According to the UNWTO, the international tourist arrivals are not expected to return to pre-COVID-19 levels until 2023 or later.

In 2Q21, total passenger traffic was 1.3 million, the lowest since 2Q20 at 0.8 million. Despite the lower number, passenger traffic grew 62.0% YoY as the jump in growth was due to the low base effect. However, passenger traffic recorded a decline of 22.6% QoQ in 2Q21 (2Q20: -95.8% QoQ).

The decline in the passenger traffic number in 2Q21 was mainly attributable to the impositions of the Movement Control Orders (“**MCOs**”). Indeed, the implementation of several MCOs had caused a significant adverse effect on Malaysia’s overall passenger traffic number.

Malaysia’s aircraft movements declined by 76.1% YoY in 1Q21 (1Q20: -11.6% YoY) and 14.9% QoQ (1Q20: -19.0% QoQ). There was a slight improvement in the 3Q20 due to the implementation of the Recovery Movement Control Order. This had relaxed the domestic travel restrictions. However, the re-imposition of MCOs from 4Q20 until 2Q21 had halted the recovery of aircraft movements.

In April 2021, the IATA had forecasted the global passenger traffic to grow by 26.0% YoY in 2021 (2020: -65.9% YoY). This marks a 43.0% recovery from the 2019 pre-pandemic level. The forecast assumes a faster improvement in the domestic market as compared to the international market.

According to the IATA, the vaccination progress in the developed countries, particularly the US and Europe, combined with the widespread testing capacity, is expected to enable a return of some international travel in the 2H21. However, the actual growth of international passenger traffic was still minimal and remained 86.6% below the pre-pandemic level in 1Q21. The spread of the new Delta variant may continue to dampen the recovery of the international market if the mutated virus is not successfully contained.

In contrast, the global domestic passenger traffic is expected to perform significantly better than the international markets. This will be driven by strong GDP growth, accumulated consumer disposable cash during lockdowns, pent-up demand, and the absence of domestic travel restrictions for most countries. The IATA estimates that domestic markets could recover to 96.0% of 2019 levels in the 2H21. However, the total passenger traffic is not expected to reach 2019 levels until 2024, a year later than previously forecasted.

MAVCOM estimates a decline in passenger traffic of 77.0% YoY – 80.2% YoY, translating to 5.3 million – 6.1 million passengers in 2021 (-94.8% of 2019). The passenger traffic in 2021 is expected to be lower than 2020 due to the continued implementation of travel restrictions, lower-than-expected load factor performance, and a higher seat capacity cancellation by airlines.

Throughout 2021, airlines continue to cut seat capacity on a monthly basis as travel restrictions remain in place. As of June 2021, airlines cancelled 67.1% of the originally planned seats. MAVCOM expects airlines to continue to cut more seat capacity for the remaining months of 2021.

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The load factor performance for both the international and domestic routes was also lower than expected. In the forecast made in April 2021, MAVCOM had assumed the load factor to be between 46.0% – 58.0% for the domestic flights and 26.0% – 38.0% for the international flights. However, so far, the actual domestic and international load factors have only been averaging 34.0% and 15.8%, respectively. This shows that the demand for air travel remains marginal. Ultimately, the recovery of the aviation industry depends largely on the success of the containment of the COVID-19 virus.

(Source: Waypoint Report: Malaysian Aviation Industry Outlook (August 2021), MAVCOM)

6.3 Impact of COVID-19 on our Group

The COVID-19 pandemic has been declared a global health pandemic by the World Health Organisation. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, “stay at home” orders and business closures. In addition, the resurgence of COVID-19 cases in the respective countries have prompted the governments to impose domestic and international travel restrictions and these restrictions are hindering the recovery of demand for air travel. As a result, our Group has experienced an unprecedented decline in the demand for air travel, which resulted in a material deterioration in our Group’s revenue and cash flows, as well as impairment of financial and non-financial assets.

Following the outbreak of the COVID-19 pandemic, our Group has implemented several measures to weather through this current challenging time. These efforts are on-going as our Group continues to seek support from vendors and business partners to address our Group’s cash flow requirements.

In 2020, our Group laid the right foundations as a leaner and more optimised airline operations, which paid off with lower cost and cash burn in the first 9-month of 2021. This was despite starting 2021 with international borders remaining closed and further domestic travel restrictions put into place as many countries experienced their third wave of the COVID-19 pandemic. Further, airline staff cost reduced due to headcount rationalisation, salary cuts and attrition during the same period while our Group’s cost containment measures continued to support liquidity, with lower fixed costs.

Our Group’s AOCs experienced slower operations in the early start of 2021 due to rising COVID-19 cases in our Group’s operating markets. Malaysia announced Langkawi travel bubble which commenced on 16 September 2021 and subsequently nationwide interstate travel from 11 October 2021. In the third quarter of 2021, the Philippines announced ease of travel restrictions and removal of mandatory quarantine for fully vaccinated guests which resulted in a strong performance for the same period with load factor at a healthy 77% and 167% more passengers carried YoY. AirAsia Indonesia went into temporary hibernation in support of the government containment efforts of the virus.

Our Group remains committed to strengthen our domestic foothold whilst awaiting positive developments on international air travel. Expectations of high vaccination rates in ASEAN countries by the end of 2021 is lending confidence on upcoming recovery, enhanced by our Group’s robust short-haul model, in addition to leaner and optimal operations.

Nonetheless, our Group’s management remains confident in our ability to recover quickly and strongly due to pent-up demand. Our Group’s observation thus far also shows that whenever there is a relaxation in domestic travel, there would be a significant spike in spontaneous travel resulting in an increase in forward bookings.

(Source: Our management)

6.4 Prospects of our Group

Our Group welcomes the news of upliftment of domestic travel restrictions across the region and the various re-opening measures by countries such as sandbox, travel bubbles and vaccinated travel lanes that will encourage the return of international travel, which our Group started to experience with the upward trajectory of sales with the gradual recovery of travel, underpinned by our Group's earlier efforts in laying the right foundations as a leaner and more optimised airline operations in 2020 which paid-off as our Group witnessed lower costs and cash burn in the first 9 months of 2021 despite 2021 began with international borders remaining closed and further domestic travel restrictions being put in place as many countries experienced their third wave of the COVID-19 pandemic. Our Group remains focused and committed to further strengthen our domestic position at this juncture as regional borders have started to open towards the end of the third quarter of 2021 and our Group awaits further developments with regards to more border re-openings and the return of international air travel to pre-COVID-19 levels in due course. Going forward, our Group expects to see improved stability in our operations as vaccinations continue to be rolled out in phases across all key markets coupled with better education and testing, alongside strong support for leisure travel bubbles among low-risk countries and territories, and the push for global digital health passports.

Despite the on-going challenges, our Group will continue to ensure that cash burn remains low and cost optimisation measures continue to be implemented, including but not limited to the right sizing of manpower and salary cuts for management, staff and directors whilst actively managing capacity to be in line with demand. Our Group is also in discussions with a number of parties for joint-ventures and collaborations that may result in additional third-party investments in specific segments of our Group's business.

As part of our Group's transformation journey to be more than an aviation group, our Group is nearing the completion of the restructuring of the distinct business pillars within the Group with independent management. On the digital front, our Group continues to accelerate our offerings and leverage on our Group's physical and digital assets to create an ecosystem of businesses that connect with our customers in their everyday life. This includes, but are not limited to, the following:

- (i) airasia super app, our Group's all-in-one digital lifestyle platform held by AirAsia Com Travel Sdn Bhd, a wholly-owned subsidiary of our Company via AirAsia Digital, which allows customers to purchase a range of travel and lifestyle products on a single platform, covering travel (flights, hotels, SNAP, activities, ancillary products, health, etc.), e-commerce (airasia shop, airasia food, airasia grocer) and finance (BigPay, Big Rewards, Big Xchange, Insurance, etc.). Further, our Group launched airasia food in Singapore, and expanded to Penang, Kota Kinabalu, Johor Bahru and Melaka in Malaysia. In August 2021, airasia super app launched airasia rides, an e-hailing service, starting in the Klang Valley and expanded to Langkawi and Penang, and more cities in Malaysia planned throughout the year. The sale of the 'AirAsia Unlimited Pass' in Malaysia, Thailand and Indonesia exceeded more than 200,000 passes. In the second quarter of 2021, airasia super app launched airasia beauty in Malaysia and Indonesia, with the next country launch targeted for Thailand. Our Group has also launched airasia money in April 2021 on the airasia super app platform, beginning with a partnership with financial comparison platform RinggitPlus. Through our Group's partnership with the platform, airasia money currently provides credit card and loan application services. The financial marketplace will also allow users to obtain personal finance news, information, guidance and make the best choices for their immediate needs;

- (ii) Teleport Group, our tech-driven cross-border logistics solution which includes first mile and last mile deliveries serving business to business, business to consumers and consumers to consumers, customers, as well as the food businesses under our Group's e-commerce division. Teleport Group has initiated its aspiration to establish a cargo-only core network, and is working to establish a stable network of core routes that is independent from the passenger network as the region prepares for the rebound from COVID-19. With the expected post-COVID-19 economic rebound and the opening of borders across different countries, Teleport Group believes that this will create ideal conditions and an increase in demand for cross-borders deliveries across ASEAN; and
- (iii) BigPay Group, which currently offers payment solutions and remittances, and intends to introduce lending solutions in the near future. BigPay Group had on 30 June 2021 submitted its application for a digital banking license to Bank Negara Malaysia, together with a consortium of strategic partners which includes Malaysian Industrial Development Finance Berhad, Ikhlas Capital Master Fund Pte. Ltd. and a foreign conglomerate with fintech expertise. In August 2021, BigPay Group secured up to USD100.0 million in financing led by SK Group, a South Korean conglomerate, to aid its mission in becoming a challenger bank in ASEAN.

In conjunction with our Group's emphasis on our digital transformation, combined with strict internal cost controls and safety measurements, the management believes that the aforementioned actions taken by our Group positions it to be on a strong footing to recover quickly.

(Source: Our management)

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7. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following key risk factors which may have an impact in the future performance of our Group before subscribing for or investing in the Rights Issue.

7.1 Risks relating to our business

7.1.1 Epidemics, pandemics, natural or other calamities and terrorism can cause customers and businesses to cancel or postpone air travel

The outbreak of any contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of COVID-19, Avian Flu H5N1, Severe Acute Respiratory Syndrome (“SARS”), Ebola, Middle East respiratory syndrome coronavirus, etc.) that escalates into a regional or global epidemic or pandemic may have an adverse impact on all airlines, including the airline business of our Group which may operate to or from such affected areas/regions.

The demand for air travel has been severely reduced as international and national response plans, which include tightening of border controls and closure or restriction of access to airspace or airports around the world, are put in place to address such contagion. Given that our Group’s airline services depend on the availability of these facilities and the general accessibility of destinations, our business and operations could be adversely affected by the occurrence of such events.

The outbreak of COVID-19 has spread globally and triggered a global economic downturn and global economic contraction, causing disruptions in demand and supply chains. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the SARS epidemic that occurred in 2002/2003 and have resulted in a more widespread health crisis than that observed during the SARS epidemic. On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic. The COVID-19 outbreak remains ongoing and the actual extent of the outbreak and its impact on the domestic, regional and global economy remains uncertain.

Please refer to Section 6.3 of this Abridged Prospectus for further details on the impact of COVID-19 on our Group.

In addition, natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to the affected areas for a period of time. Terrorism and war (and threats of terrorism and war) and civil/political strife may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a sharp fall in demand for air travel. These events may also result in the closure or restriction of access to airspace or airports which may adversely affect our airline business and operations given that our Group’s airline services depend on the availability of these facilities and the general accessibility of destinations.

7.1.2 Fluctuations in jet fuel prices may have a significant impact on our Group’s earnings

Fuel cost constitutes a substantial portion of our operating expenses. As such, our operating results are significantly affected by changes in the price of jet fuel. Historically, fuel costs have been subject to wide price fluctuations based on geopolitical issues and supply and demand. Due to the variety of factors that affect the price of fuel, the cost of fuel cannot be predicted with any degree of certainty.

As at the LPD, we do not have any fuel derivative contracts. However, our Group allows for the judicious use of approved instruments such as swaps, options and collar contracts with approved counterparties and within approved credit limits to manage the volatility in fuel prices. Historically we have entered into fuel hedging instruments such as Brent fixed swap contracts.

Whilst our hedging activities do mitigate some of the adverse effects of jet fuel price fluctuations, our hedging policy is not designed to fully eliminate price risks. As the hedging contracts entered into are to hedge against adverse fluctuations in fuel price, any unfavourable movement in fuel price relative to the price at which we are contracted, will result in marked-to-market losses.

7.1.3 Political, economic and regulatory conditions

Our Group's business consists substantially of carriage of passengers and freight globally. It will be affected if there is a widespread reduction in the demand for air travel arising from geo-political events that cause customers to reduce or avoid air travel, or that prevent our Group from delivering our services. For example, instability in global trade policies may contribute to periods of increased global economic uncertainty. Uncertain and unfavorable economic conditions and, in particular, future political and economic factors which have the effect of reducing expenditure for air travel and freight services, may materially and adversely affect our Group's business, financial condition and results of operations or prospects.

Further, political and economic conditions and development, and regulatory development in the jurisdictions in which our Group operates could have a profound effect on the operations, business and financial performance of our Group. Any adverse development or uncertainty in the above external factors could materially affect the financial condition and business prospects of our Group. These political, economic and regulatory uncertainties include (but not limited to) risks of war, expropriation, nationalisation, changes in political leadership and environment, global economic downturn, epidemic outbreaks, social unrests, changes in currency exchange rates and interest rates and unfavourable changes in governmental policies such as introduction of new regulations, import duties and tariffs, accounting standards and taxation methods.

7.1.4 Seasonality and demand/ supply risk

Our Group's business consists of online travel agency (via airasia super app), air transportation services, logistics (via Teleport Group) and other businesses (namely, BigPay, BigLife and Santan) and are subject to seasonal variations in traffic and spending habits and patterns, which may affect our operating results.

In relation to our air transportation services and logistics as well some of the products offered on the airasia super app (namely, SNAP/Hotels), our Group generally experience higher load factors and revenue during the year-end holiday season, as well as the respective national holidays in the countries we operate to/from, especially in Malaysia, Thailand, Indonesia, and the Philippines.

In relation to our digital business (namely, airasia super app, airasia shop, airasia food, etc.), the respective categories of products offered are subject to seasonality and varying spending patterns. The airasia super app platform anchors the various products offered, and via our business model as an online travel agency and super platform, we are not required to stock-up on all products as we also operate as a platform for vendors to market and sell their products. However, this exposes our Group to supply risk depending on the seasonality and the corresponding demand for the products and services offered on the airasia super app platform by third-party vendors as these products and services are offered and fulfilled and are dependent on the availability and ability of the vendors to fulfil such demand and orders. The failure of the third-party vendors utilising the airasia super app to fulfil the products and services purchased by customers may also expose our Group to reputational risk.

7.1.5 Overseas business risk

Our Group operates businesses in various countries including China, Singapore, Thailand, Indonesia and the Philippines. We are exposed to business risk arising from our overseas business ventures given the different business operating conditions and regulatory environments in other countries such as, amongst others, their local economic and political conditions, government regulations (such as regulation of our product and service offerings and of competition), applicable legal and tax legislations, business licencing or certification requirements, credit environment and foreign exchange rules. If we fail to fully understand the local environment of our overseas business ventures, it may cause us to make decisions which may lead to a negative outcome.

In addition, our foreign businesses give rise to foreign exchange exposures. Any unfavourable fluctuations in the foreign exchange rate may have a material and adverse effect on our financial performance. Further details of the foreign exchange risk are highlighted in Section 7.1.13 of this Abridged Prospectus below.

Further, we have also entered into strategic collaborations/ partnerships with third parties in our overseas business ventures. As with all collaborations/ partnerships, significant deteriorations in our relationship with our partners may potentially result in the termination of such arrangements. No assurance can be given that our collaboration/ partnerships overseas can or will be sustained in the long term. In addition, our ability to enter into a collaboration/ partnership with a suitable partner for our future overseas business ventures (when the need arises) may affect our Group's penetration into the overseas markets and ability to build a reputation for ourselves overseas. Hence, failure to maintain and/or secure strategic partners in our overseas business ventures may affect our operations and profitability adversely.

7.1.6 Competition

The markets for our digital and aviation business are competitive and we may not be able to compete successfully against our competitors which could impair our ability to sell our products and services. With respect to our digital businesses, we compete on, among others, breadth of products, differentiated digital solutions, stability of services, customer relationships, innovation and price. Our competitors vary in size, financial and technical capability and the scope of the products and services they offer.

Further, our Group as an airline services provider competes for passengers with other major airlines. Any liberalisation of traffic rights or change of traffic pattern in respect of a major route that our Group operates will result in increasing competition or loss of demand for that route as a result of increased capacity. A significant and prolonged reduction in yields or loss of market share to competitors would impact our Group's operational results.

We may encounter competitors in the future that may be better positioned to develop, promote and sell their products or larger competitors that may benefit from greater cost efficiencies and may be able to win business simply based on pricing. Our competitors may also be able to respond to opportunities before we do, for example by taking advantage of new technologies, changes in customer requirements or market trends.

There can be no assurance that we will be able to respond to changes in customer requirements as quickly and effectively as our competitors and compete effectively against current and future competitors. If we fail to successfully compete, our business, financial condition and results of operations may be adversely affected.

7.1.7 Dependence on key personnel

The performance of our Group is dependent upon the abilities and efforts of our Board and supported by our experienced, committed and dynamic senior management team who has in-depth knowledge and experience in the industry. Our Group's ability to execute our business operations, projects and competitive strategy in the future hinges largely on the efforts of our Group's key personnel. The sudden departure of any key personnel may affect our Group's businesses and operations. Our business also requires us to have highly skilled, dedicated and efficient personnel. Our growth plans will require us to hire, train and retain a significant number of new employees in the future and we compete with other airline and digital companies for highly skilled personnel.

Taking this into consideration, our Group recognises the importance of attracting and retaining these personnel and have in place human resource incentives which include competitive remuneration packages, human resource training and development programme for employees in all key functions of our Group's operations as well as succession planning. Our Company has also implemented the LTIS (consisting of the ESOS and SGS) which provides our employees the opportunity to participate in the LTIS and benefit from the increase in the share price of our Company. The LTIS is also intended to retain and reward our eligible employees based on their performance to create a high-performance culture. Please also refer to Section 6 of Appendix III of this Abridged Prospectus for further information on the LTIS.

Our Group strives to continue to attract and retain qualified and experienced personnel who are essential towards maintaining the high-performance standards as well as to address our succession planning. Notwithstanding the above, there can be no assurance that our Group will be able to attract and retain our Group's key personnel.

7.1.8 Failure risks of our aircrafts, equipment, information technology systems and other assets which are subject to failure risks

Our Group uses automated systems, including but not limited to our comprehensive IT systems some of which are provided and managed by third parties and are subject to, amongst others, the vendors' ability to continually deliver such services in the event of a system failure. In addition, as a provider of air transportation services, the aircraft and associated equipment owned and operated by our Group are subject to normal wear and tear. Consequently, our Group's aircrafts, equipment, IT systems and other assets used in our operations require periodic downtime for repairs and maintenance. If the frequency of or time required for such repairs and maintenance (including the availability of the required aircraft equipment/spare parts) exceeds the scheduled period, our Group's operations and financial performance may be adversely affected. In general, the cost of maintaining an aircraft in good operating condition increases with the age of the aircraft. As our Group's aircraft fleet ages, our Group will incur increased maintenance costs. Older aircrafts cost more to maintain because the aircrafts would be subject to wear and tear over time with increased flying hours. In addition, if any extraordinary or extensive repairs to our Group's aircrafts, equipment, IT systems or other assets are required due to any unforeseen circumstances, our Group's aircrafts, equipment, IT systems or other assets would not be available for use or deployment.

While insurance proceeds may cover the costs associated with such repairs, they would only compensate for the loss of use of some of the assets to a limited degree. In the event of any such extraordinary or extensive repairs, our Group's operations could experience major disruptions. Our Group's aircrafts may also not be available for use or deployment in the event that there is a regulatory suspension of operation of certain aircrafts.

The loss of our Group's aircrafts, equipment, IT systems or other assets or the inability to use any of our aircrafts, equipment, IT systems or other assets may materially and adversely affect our Group's business, operational results, financial position, performance or prospects. Our Group is dependent on our IT systems and telecommunications systems, including websites, reservations, departure control, operational systems, online booking and revenue management systems, to provide integrated services to our customers. The provision of our Group's services depends on the stability of our IT systems, and the external infrastructure network and systems of our third-party providers.

Both the IT systems and the external infrastructure network and systems may be vulnerable to damages or interruptions in operation due to fires, power losses, telecommunications systems failures, break-ins (whether physical or into our systems), compromises in internal controls, fraudulent activities, computer viruses, the failure of security measures or back-up systems, or other events beyond our Group's control.

7.1.9 Insurance coverage may not be sufficient to cover the risks related to our assets, operations and employees

We have taken the necessary measures to ensure that all our assets and the relevant operational risks of our Group are adequately covered by insurance in accordance with standard industry practice. The insurance policies taken by us include coverage for fire, damage to our equipment, cyberattacks, public liability, professional indemnity, life, fidelity, burglary, hospitalization and surgery, personal accidents and aircraft damage.

There can be no assurance that the coverage would be adequate for the replacement cost of the assets or any liabilities/ consequential losses arising thereof, where in such instances of inadequate coverage by our insurance policies may have adverse impact on our Group's financial condition or results of operations.

7.1.10 Cybersecurity risks

Our Group's cybersecurity measures may not detect or prevent all attempts to compromise our IT systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by our IT systems or that our Group otherwise maintains.

Breaches of our Group's cybersecurity measures could result in unauthorised access to our IT and other systems, misappropriation of information or data (including personal data), deletion or modification of client information, or a denial-of-service or other interruption to our business operations. Whilst our Group have developed systems and processes that are designed to protect customer information which includes systems and processes designed to reduce the impact of a security breach, as well as disaster recovery and business continuity plans, any unforeseen disruption in our IT systems may result in the loss of important data, increased costs, and may materially and adversely affect our reputation and business.

Our Group relies heavily on the internet. Any disruption in internet networks could prevent or deter people from using the internet to conduct transactions. Such disruption in turn may adversely affect our Group's business, operational results, financial position, performance or prospects.

7.1.11 Dependence on operating licences

Our Group has been granted various licences, permits and certificates from the relevant authorities in the jurisdictions in which our Group operates. Such licences include but are not limited to (i) tourism and ticketing licence issued by the Ministry of Tourism, Arts and Culture Malaysia; (ii) licences to carry on aircraft leasing business in Labuan issued by the Labuan Financial Services Authority; (iii) air service license issued by the Malaysian Aviation Commission; and (iv) air operator certificates issued by the Civil Aviation Authority of Malaysia, Civil Aviation Authority of the Republic of the Philippines, Ministry of Transportation (Directorate General of Civil Aviation) of the Republic of Indonesia and other applicable civil aviation authorities of the countries/destinations we operate to/from; and (v) other applicable licenses for the ground handling service business by Ground Team Red Sdn Bhd, the e-money and remittance service business by BigPay Group and our logistics business operated by Teleport Group. Our Group's business relies on various licenses, permits, certificates and other approvals issued by the relevant authorities to conduct our day-to-day operations, some of which are subject to periodic renewals.

Any revocation or non-renewal of our licences, permits and certificates from authorities or failure by us to obtain new licenses, permits and certificates from authorities (if so required) may have a material impact on our Group's ability to continue our operations, which may affect our business and financial performance.

7.1.12 Borrowing and financing risk

As at 31 October 2021, our Group's total borrowings stood at approximately RM1,614.0 million, all of which are interest-bearing and are on both fixed and floating-rate basis. Significant fluctuations in interest rates may impact the financial performance of our Group. Further, any additional borrowings and/or increase in the interest rates or financing charges, which is beyond our control, may result in an increase in interest expense, which may affect our profitability. Whilst our Group has not experienced any adverse fluctuation of interest rates which has had a material adverse impact on our cash flows and financial performance in the past, there can be no assurance that the current interest rate level will be maintained in the future and/or any increase in our borrowings will not have any material adverse effect on our financial performance.

Further, our borrowings may also be subject to periodic review by financial institutions from which we obtain the borrowings, and contain certain covenants which may limit our operating and financing flexibility. Any breach of such covenants may result in the relevant financial institutions terminating the relevant borrowings and/or enforce any security granted in relation to those borrowings. Whilst we may endeavour to constantly monitor compliance with all covenants, there can be no assurance that our performance will not be adversely affected should we breach any such covenants under any of our existing borrowings.

7.1.13 Foreign exchange risk

Our Group's financial statements are presented in RM. As a result of the geographic diversity of our airline and digital business, our Group receives revenue and incurs expenses in a variety of currencies, such as Malaysia Ringgit, Thailand Baht, Singapore Dollar, Philippine Pesos, etc. For the airline, majority of our aircraft leasing, maintenance, fuel supply and insurance contracts and the purchase contracts with respect to the Airbus aircraft purchase agreement are denominated in USD. In addition, the results of our operations, and a part of our intercompany balances associated with our foreign subsidiaries and associate companies are exposed to foreign exchange rate fluctuations. Due to these fluctuations, operating results may differ materially from expectations, and we may record significant gains or losses on the re-measurement of intercompany balances.

As our Group is expanding our international operations, especially with regards to the digital business (i.e., airasia super app, BigPay, etc.), our exposure to exchange rate fluctuations are increasing. In addition, as a result of our diverse operations and collection of revenue in various currencies, our Group holds cash equivalents in foreign currencies. Any adverse currency exchange rate fluctuations may also lead to a decrease in our profit margins or to operating losses. We cannot provide assurance that we will be able to effectively mitigate the possible adverse effect of any future currency fluctuations on our business and financial position.

7.1.14 Our Group may not be successful in implementing our future plans

Our Group's future plans involve numerous uncertainties and risks. These include but are not limited to our Group successfully growing our digital pillar via AirAsia Digital's subsidiaries, in line with our Group's transformation into a digital lifestyle company and entering into and developing new businesses which may be complementary, or which may add value to our Group's business.

Such plans may require substantial capital expenditure, the incurrence of working capital requirements and additional financial resources and commitments. There is no assurance that these plans will achieve the expected results or outcome such as an increase in revenue that will be commensurate with our Group's investment costs, or the ability to generate any cost savings, operational efficiencies and/or productivity improvements to our operations.

If (a) the results or outcome of our Group's plans do not meet our expectations, and/or (b) our Group fails to achieve a sufficient level of revenue, and/or (c) our Group fails to manage our costs efficiently, our Group will not be able to recover our investment and our future financial performance, business operations and/or financial condition would be adversely affected.

7.2 Risks relating to the Rights Issue

7.2.1 Delay in or abortion of the Rights Issue

The Rights Issue may be delayed or aborted in the event of a material adverse change of events or circumstances (such as force majeure events including acts of government, natural disasters, acts of terrorism, strikes, national disorder, declaration of a state of war or emergency, or any change in law, regulation, policy or ruling), which is beyond the control of our Company and our Principal Adviser, arising before or during the implementation of the Rights Issue.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue.

There are also certain circumstances where the Majority Joint Underwriters (acting on behalf of themselves and all the Joint Underwriters) may exercise their right to terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement. Please refer to Section 3.2 of this Abridged Prospectus for further details on the underwriting arrangements and the termination events.

If the Underwriting Agreement is terminated, our Company will not proceed to complete the Rights Issue and all subscription monies received pursuant to the Rights Issue will be refunded without interest to the subscribing Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable).

Although we will exercise our best endeavours to ensure that the Rights Issue is successfully implemented, there is no assurance that the above events will not occur and cause a delay in or abortion of the Rights Issue. If the Rights Issue cannot be implemented or is terminated due to a stop order issued by the SC under Section 245 of the CMSA, we will undertake the necessary procedures to ensure that the refund of monies is made in full without interest in respect of any application for the subscription of the RCUIDS, including the Excess RCUIDS with Warrants, within 14 days after we become liable to do so, in accordance with the provisions of the CMSA. If such monies are not repaid within 14 days after we become liable to do so, we will repay such monies in accordance with Section 245(7) of the CMSA.

7.2.2 Credit risk

The RCUIDS bear a fixed profit rate of 8.0% per annum calculated based on the outstanding nominal value of the RCUIDS, payable in arrears on a quarterly basis. However, there is no assurance that our Group will be able to maintain our financial performance and generate sufficient revenue and cash flow, which may affect our Company's ability to service the fixed profit payments. In this respect, our Group will endeavour to maintain prudent cash flow management and monitor our financial position to fulfil our obligation to service the profit payments in order to mitigate the credit risk of the RCUIDS and minimise the risk of default.

However, upon the occurrence of an event of default pursuant to the Trust Deed, the outstanding nominal value of the RCUIDS and the profit will immediately be due and payable by our Company to the RCUIDS Holders. In such an instance, there is no assurance that we would be able to sustain our financial condition at a satisfactory level to meet such obligations. Our Company will endeavour and use our best efforts to comply with the provisions as set out in the Trust Deed to avoid any event of default.

7.2.3 No prior market for the RCUIDS and Warrants

The Rights Issue involves an issuance of new classes of securities for which there is currently no trading market. As such, no assurance can be given that an active market for the RCUIDS or the Warrants will develop upon or subsequent to the listing and quotation for the RCUIDS and the Warrants on the Main Market of Bursa Securities or, if developed, that such a market will be sustainable or adequately liquid during the tenure of the RCUIDS and the Warrants.

The market price of the RCUIDS and the Warrants, like other securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, among others, prevailing market sentiments, volatility of the stock market, interest rate movements, trades of substantial amount of the RCUIDS and the Warrants on Bursa Securities in the future, corporate developments and future profitability of our Group, as well as the future prospects of the industry in which our Group operates.

There is also no assurance that the market price of the RCUIDS will trade at or above the issue price of RM0.75 subsequent to its listing. In addition, there is no assurance that the market price of the Shares will remain at or above the Conversion Price or Exercise Price during the tenure of the RCUIDS and Warrants.

7.2.4 Potential dilution

Entitled Shareholders who do not or are unable to subscribe for their entitlements pursuant to the Rights Issue will have their proportionate percentage of shareholdings and voting interests in our Company reduced in the enlarged issued share capital of our Company as and when the RCUIDS are converted and the Warrants are exercised into new AAGB Shares, respectively. Consequently, their proportionate entitlement to any future dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

7.3 Risk relating to the PN17 classification

On 8 July 2020, our Board had announced that our Company has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Listing Requirements, where our Company's external auditors, Messrs Ernst & Young PLT, have issued an unqualified audit opinion with emphasis of matter on material uncertainty relating to going concern ("**MUGC**") in respect of our Company's audited financial statements for the financial year ended 31 December 2019 and our Company's shareholders' equity on a consolidated basis is 50% or less of our share capital (excluding treasury shares).

Subsequently on 27 May 2021, our Board had announced that our Company has also triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of PN17 of the Listing Requirements, where our Company's shareholders' equity on a consolidated basis is 25% or less of our share capital (excluding treasury shares) and such shareholders' equity is less than RM40 million based on the audited financial statements for the financial year ended 31 December 2020.

Bursa Securities had via its letters dated 16 April 2020 and 17 February 2021 granted affected listed issuers relief from complying with the obligations under Paragraph 8.04 and PN17 of the Listing Requirements ("**PN17 Relief Measures**"). The PN17 Relief Measures will be available to a listed issuer that triggers any one of the following criteria under PN17 of the Listing Requirements ("**Suspended Criteria**") from 17 April 2020 to 30 June 2021 ("**Relief Period**"):

- (i) its shareholders' equity on a consolidated basis is 25% or less of its share capital (excluding treasury shares) and such shareholders' equity is less than RM40 million;
- (ii) the auditors have highlighted a material uncertainty relating to going concern or expressed a qualification on the listed issuer's ability to continue as a going concern in its latest audited financial statement and its shareholders' equity on a consolidated basis is 50% or less of its share capital (excluding treasury shares); and
- (iii) default in payment by the listed issuer, its major subsidiary or major associated company, as the case may be, as announced pursuant to Paragraph 9.19A of the Listing Requirements and the listed issuer is unable to provide a solvency declaration to Bursa Securities.

Under the PN17 Relief Measures:

- (i) an affected listed issuer that triggers any of the Suspended Criteria during the Relief Period will not be classified as a PN17 listed issuer and will not be required to comply with the obligations pursuant to Paragraph 8.04 and PN17 of the Listing Requirements for a period of 18 months from the date of triggering the criteria;
- (ii) the affected listed issuer will still be required to make an immediate announcement that it has triggered the Suspended Criteria and the relief provided ("**Relief Announcement**");
- (iii) upon the expiry of the 18 months from the Relief Announcement, the affected listed issuer must re-assess its condition and announce whether it continues to trigger any of the criteria in PN17 ("**said Announcement**"); and
- (iv) if the affected listed issuer continues to trigger any of the criteria in PN17 of the Listing Requirements, it will then be classified as a PN17 listed issuer and must comply with all the obligations under Paragraph 8.04 and PN17 of the Listing Requirements, including the obligation to submit a regularisation plan to the relevant authorities within 12 months from the said Announcement.

Our Company is eligible for the PN17 Relief Measures and is currently not classified as a PN17 listed issuer. As such, our Company will not be required to comply with the obligations under Paragraph 8.04 and PN17 of the Listing Requirements up to 7 January 2022, which is the expiry of the period of 18 months from the date of our Relief Announcement (being 8 July 2020). Thereafter, our Company must re-assess our condition and announce whether we continue to trigger any of the criteria in PN17.

There is no assurance that our Company will not be classified as a PN17 listed issuer after 7 January 2022. If our Company is classified as a PN17 listed issuer, our Company must comply with Paragraph 8.04 and PN17 of the Listing Requirements, including the obligation to submit a regularisation plan to the relevant authorities for approval within 12 months from the date it announces that it is a PN17 listed issuer.

In the event our Company fails to submit the regularisation plan to the relevant authorities and subsequently fails to implement such regularisation plan (if approved) and/or fails to comply any other part of our obligations under Paragraph 8.04 of the Listing Requirements within the timeframes permitted by Bursa Securities, Bursa Securities may suspend the trading of AAGB Shares and de-list the AAGB Shares from the Official List (subject to our right to appeal against de-listing).

7.4 Forward-looking statements

This Abridged Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus including, amongst others, those regarding our financial position, business strategies, plans and objectives of our management for our future operations, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our Group’s actual results, performance or achievements to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry we operate in, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or our Principal Adviser that such plans and objectives will be achieved.

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8. EFFECTS OF THE RIGHTS ISSUE**8.1 Issued share capital**

For illustration purposes, the pro forma effects of the Rights Issue on the issued share capital of our Company are as follows:

	No. of Shares (‘000)	RM’000
Existing share capital as at the LPD	3,898,053	8,462,770
New Shares to be issued upon full conversion of the RCUIDS	1,299,351	⁽¹⁾ 920,231
	5,197,404	9,383,001
New Shares to be issued upon full exercise of the Warrants	649,675	⁽²⁾ 677,740
Enlarged share capital	5,847,079	10,060,741

Notes:

- (1) *Assuming full conversion of the 1,299.4 million RCUIDS into 1,299.4 million new AAGB Shares. The value of the share capital represents the fair value of the RCUIDS which comprises of the liability component of the RCUIDS of approximately RM859.5 million (please refer to note 1(ii) in Section 8.2 of this Abridged Prospectus) and the equity component of the RCUIDS of approximately RM60.8 million (please refer to note 1 in Section 8.2 of this Abridged Prospectus).*
- (2) *Based on the Exercise Price of RM1.00 each and the corresponding reclassification of the warrant reserve amount of RM28.1 million to the share capital account.*

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8.2 NA and gearing

For illustration purposes, the pro forma effects of the Rights Issue on the NA, NA per Share and gearing of our Group, based on the latest unaudited consolidated financial statements of our Company as at 30 September 2021, are set out below:

	Unaudited as at 30 September 2021 (RM'000)	(I) After the Rights Issue (RM'000)	(II)(A) After (I) and assuming full redemption of the RCUIDS (RM'000)	(II)(B) After (I) and assuming full conversion of the RCUIDS (RM'000)	(III)(A) After (II)(A) and assuming full exercise of the Warrants (RM'000)	(III)(B) After (II)(B) and assuming full exercise of the Warrants (RM'000)
Share capital	8,462,770	8,462,770	8,462,770	9,383,001	⁽⁵⁾ 9,140,510	⁽⁵⁾ 10,060,741
Merger deficit	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)	(5,507,594)
Foreign exchange reserve	(256,987)	(256,987)	(256,987)	(256,987)	(256,987)	(256,987)
Equity component of RCUIDS	-	⁽¹⁾ 60,767	⁽³⁾	-	-	-
Warrant reserve	-	⁽¹⁾ 28,064	28,064	28,064	⁽⁵⁾	⁽⁵⁾
(Accumulated losses)	(5,763,177)	⁽²⁾ (5,783,477)	⁽³⁾ (5,696,492)	⁽⁴⁾ (5,757,259)	(5,696,492)	(5,757,259)
Other reserves	(88,453)	(88,453)	(88,453)	(88,453)	(88,453)	(88,453)
(NL)	(3,153,441)	(3,084,910)	(3,058,692)	(2,199,228)	(2,409,016)	(1,549,552)
No. of Shares in issue ('000)	3,898,053	3,898,053	3,898,053	5,197,404	4,547,728	5,847,079
(NL) per Share (RM)	(0.81)	(0.79)	(0.78)	(0.42)	(0.53)	(0.27)
Total borrowings and lease liabilities (RM'000)	15,130,445	15,989,909	⁽⁶⁾ 16,104,958	15,130,445	16,104,958	15,130,445
Gearing (times) ⁽⁷⁾	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The estimated equity component of the RCUIDS arising from the Rights Issue is determined by adjusting the following from the gross proceeds to be raised from the Rights Issue of approximately RM974.5 million:
 - (i) adding the estimated fair value of the embedded derivative asset in respect of the Early Redemption (as defined in **Appendix 1** of this Abridged Prospectus) option of the outstanding RCUIDS at the 4th anniversary of the Issue Date (as defined in **Appendix 1** of this Abridged Prospectus) at 105% of the nominal value of the RCUIDS of approximately RM1.8 million (based on the estimated pricing of 4-year 5% interest rate option of 0.251% as at the LPD);
 - (ii) deducting the estimated fair value of the liability component of the RCUIDS of approximately RM859.5 million, which is estimated by discounting the profit payments of the RCUIDS over the RCUIDS tenure of 7 years and the RCUIDS redemption obligation (in accordance to the Redemption Schedule as set out in **Appendix 1** of this Abridged Prospectus) at a discount rate of 11% (which is the estimated current borrowings rate of our Group); and
 - (iii) deducting the deferred tax liabilities arising from the initial recognition of the timing difference of the liability component of the RCUIDS and the embedded derivative asset of approximately RM28.1 million, based on the Malaysian statutory rate of 24%.

Thereafter, the value is apportioned to the equity component of RCUIDS of approximately RM60.8 million and warrant reserve accounts of approximately RM28.1 million in proportion to the estimated fair value of the RCUIDS and Warrants, which is computed based on their respective theoretical fair values of RM0.6969 per RCUIDS and RM0.6437 per Warrant as at the LPD using Trinomial Option Pricing Model as extracted from Bloomberg.

- (2) After deducting estimated expenses of approximately RM20.3 million for the Rights Issue.
- (3) After adjusting for the realisation of deferred tax of approximately RM28.1 million (as disclosed in note (1)(iii) above) as well as the estimated fair value of the embedded derivative asset of approximately RM1.8 million (as disclosed in note (1)(i) above), and the reversal of the equity component of the RCUIDS of approximately RM60.8 million to retained earnings.
- (4) After adjusting for the realisation of deferred tax of approximately RM28.1 million (as disclosed in note (1)(iii) above) as well as the estimated fair value of the embedded derivative asset of approximately RM1.8 million (as disclosed in note (1)(i) above).
- (5) Based on the Exercise Price of RM1.00 each and the corresponding reclassification of the warrant reserve amount of RM28.1 million to the share capital account.
- (6) Assuming the redemption of the RCUIDS is funded via additional borrowings.
- (7) During the FYE 31 December 2020, our Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. This has resulted in a negative gearing ratio as our Group has been relying on debt compared to equity to finance our Group's operations.

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8.3 Earnings and EPS

The Rights Issue is expected to contribute positively to the future earnings of our Group when the benefits of utilisation of proceeds in the manner set out in Section 4 of this Abridged Prospectus are realised. However, the EPS of our Group may be correspondingly diluted as a result of the increase in the number of issued Shares arising from the conversion of the RCUIDS and/or exercise of the Warrants in the future. The effects of any conversion of the RCUIDS and/or exercise of the Warrants on the EPS of our Group would be dependent on the number of RCUIDS converted and number of Warrants exercised and the benefits arising from the utilisation of proceeds.

For illustration purposes only, the pro forma effects of the Rights Issue on the earnings and EPS of our Group, based on the latest audited consolidated financial statements of our Company as at 31 December 2020, and on the assumption that the Rights Issue had been effected on 1 January 2020, being the beginning of the FYE 31 December 2020, are set out below:

	Amount
	(RM'000)
LAT	(5,111,667)
Less: Estimated expenses in relation to the Rights Issue	(20,300)
Less: Estimated profit payments from the RCUIDS	⁽¹⁾ (61,255)
Add: Reversal of deferred tax liability ⁽²⁾	14,701
Adjusted LAT	(5,178,521)
No. of Shares in issue as at the LPD ('000)	⁽³⁾ 3,898,053
Adjusted LPS (sen)	(132.85)

Notes:

- (1) *Being the average of the total estimated profit payments of the RCUIDS of approximately RM428.8 million based on the profit rate of the RCUIDS of 8% per annum over the tenure of the RCUIDS of 7 years and assuming the issuance of RM974,513,219.25 in nominal value of RCUIDS under the Rights Issue and taking into account the RCUIDS redemption in accordance to the Redemption Schedule as set out in **Appendix I** of this Abridged Prospectus.*
- (2) *Being the reversal of the deferred tax liabilities pursuant to the reduction of temporary difference as the profit payments of the RCUIDS are charged for the period.*
- (3) *Assuming none of the RCUIDS and Warrants is converted and/or exercised into new AAGB Shares in view that the pro forma effects on our Group's earnings and EPS have accounted for the full estimated profit payments of the RCUIDS on the assumption that none of the RCUIDS is converted.*

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8.4 Substantial shareholders' shareholdings

The Rights Issue is not expected to have any immediate effect on the shareholdings of our Company's substantial shareholders until such time when the RCUIDS are converted and/or the Warrants are exercised into new AAGB Shares.

The pro forma effects on our Company's substantial shareholders' shareholdings are illustrated based on our Record of Depositors as at the LPD and assuming all our Entitled Shareholders subscribe in full for their respective entitlements to the RCUIDS.

For illustration purposes, the pro forma effects of the Rights Issue on the direct and indirect shareholdings of our Company's substantial shareholders as at the LPD are as follows:

Name	As at the LPD				(I) After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	13.06	-	-	509,000	13.06	-	-
TASB	516,485	13.25	-	-	516,485	13.25	-	-
TSTF	1,600	0.04	(1)1,025,485	26.31	1,600	0.04	(1)1,025,485	26.31
DKM	2,000	0.05	(1)1,025,485	26.31	2,000	0.05	(1)1,025,485	26.31
SASB	-	-	-	-	-	-	-	-
Positive Boom Limited	332,499	8.53	-	-	332,499	8.53	-	-
Choi Chiu Fai, Stanley	-	-	(2)332,499	8.53	-	-	(2)332,499	8.53
Name	(II)(A) After (I) and assuming full redemption of the RCUIDS				(III)(A) After (II)(A) and assuming full exercise of the Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	13.06	-	-	509,000	11.19	-	-
TASB	516,485	13.25	-	-	516,485	11.36	-	-
TSTF	1,600	0.04	(1)1,025,485	26.31	1,600	0.04	(1)1,196,999	26.32
DKM	2,000	0.05	(1)1,025,485	26.31	2,000	0.04	(1)1,196,999	26.32
SASB	-	-	-	-	(3)171,514	3.77	-	-
Positive Boom Limited	332,499	8.53	-	-	387,915	8.53	-	-
Choi Chiu Fai, Stanley	-	-	(2)332,499	8.53	-	-	(2)387,915	8.53

Name	(II)(B)				(III)(B)			
	After (I) and assuming full conversion of the RCUIDS		After (II)(B) and assuming full exercise of the Warrants		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
TLSB	509,000	9.79	-	-	509,000	8.71	-	-
TASB	516,485	9.94	-	-	516,485	8.83	-	-
TSTF	1,600	0.03	(1)1,368,513	26.33	1,600	0.03	(1)1,540,028	26.34
DKM	2,000	0.04	(1)1,368,513	26.33	2,000	0.03	(1)1,540,028	26.34
SASB	(3)343,028	6.60	-	-	(3)514,543	8.80	-	-
Positive Boom Limited	443,331	8.53	-	-	498,748	8.53	-	-
Choi Chiu Fai, Stanley	-	-	(2)443,331	8.53	-	-	(2)498,748	8.53

Notes:

- (1) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in TLSB, TASB and SASB.
- (2) Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Positive Boom Limited.
- (3) After taking into consideration the renunciations in full by TSTF, DKM, TASB and TLSB of their respective entitlements to the RCUIDS and the corresponding Warrants under the Rights Issue to SASB pursuant to the Entitlement Undertakings arrangements as set out in Section 3.1 of this Abridged Prospectus.

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8.5 Convertible securities

As at the LPD, save for the Outstanding ESOS Options, our Company does not have any outstanding convertible securities.

The Outstanding ESOS Options were offered on 3 August 2021 to the eligible employees of our Group pursuant to the LTIS, which may be vested from financial year 2024 onwards, subject to the achievement of certain performance conditions as may be determined by the LTIS committee in accordance with the By-Laws. For the avoidance of doubt, none of the Outstanding ESOS Options will be exercised by the relevant grantees prior to the implementation of the Rights Issue.

Under the By-Laws, if there is any variation in the capital structure of our Company during the LTIS period, the LTIS committee may, with the approval of the Board, appropriately adjust the number of AAGB Shares and/or the Outstanding ESOS Options and/or the price at which the relevant grantees shall be entitled to subscribe for every new AAGB Share by exercising their Outstanding ESOS Options, subject always to applicable laws and the Listing Requirements. In the event the LTIS committee decides to make adjustments due to the implementation of the Rights Issue, any such adjustments shall be made in accordance with the relevant provisions of the By-Laws.

Please also refer to Section 6 of Appendix III of this Abridged Prospectus for further information on the LTIS and the Outstanding ESOS Options.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENT

9.1 Working capital

Our Group's working capital is funded through cash generated from operating activities, credit extended by suppliers, lease and financing facilities extended by lessors, credit facilities from financial institutions as well as our Group's existing cash and bank balances.

As at 31 October 2021, our Group has deposits, bank and cash balances of approximately RM677.1 million.

Our Board is of the opinion that our Group will have sufficient working capital available for a period of 12 months from the date of this Abridged Prospectus after taking into consideration our Group's deposits, cash and bank balances as at 31 October 2021, the amount of proceeds to be raised from the Rights Issue as well as the existing banking facilities and financing available to our Group.

Apart from the sources of liquidity described above, our Group does not have access to other material unused sources of liquidity as at 31 October 2021.

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9.2 Borrowings

As at 31 October 2021, our Group's total outstanding borrowings (all of which are interest-bearing) are set out as follows:

Type of borrowings	Currency	Amount in foreign currency (‘000)	Amount in RM (RM'000)
Payable within 1 year:			
• Term loan	RM	-	54,594
• Term loan	USD	49,987	⁽¹⁾ 207,071
• Term loan	IDR	3,888,889	⁽²⁾ 1,136
• Term loan	PHP	293,839	⁽³⁾ 24,124
• Revolving credit	RM	-	91,010
• Swap creditors loan and deferral	USD	65,975	⁽¹⁾ 273,301
• Convertible loan note	USD	60,000	⁽¹⁾ 248,550
Total short-term borrowings			899,786
Payable after 1 year:			
• Term loan	RM	-	228,118
• Term loan	USD	106,336	⁽¹⁾ 440,497
• Term loan	IDR	156,111,111	⁽²⁾ 45,585
Total long-term borrowings			714,200
Total borrowings			1,613,986

Notes:

- (1) Converted at approximately RM4.1425:USD1, being the middle USD-to-RM exchange rate as at the close of business on Friday, 29 October 2021 as published by Bank Negara Malaysia.
- (2) Converted at approximately RM0.0292:IDR100, being the middle IDR-to-RM exchange rate as at the close of business on Friday, 29 October 2021 as published by Bank Negara Malaysia.
- (3) Converted at approximately RM8.2100:PHP100, being the middle PHP-to-RM exchange rate as at the close of business on Friday, 29 October 2021 as published by Bank Negara Malaysia.

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout FYE 31 December 2020 and subsequent financial period up to the LPD.

9.3 Contingent liabilities

Our Board has confirmed that as at the LPD, there are no contingent liabilities incurred or known to be incurred by our Group which may have a material impact on the financial results or position of our Group.

9.4 Material commitments

Our Board has confirmed that save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by our Group which may, upon becoming enforceable, have a material impact on the financial results or position of our Group:

Capital commitments for property, plant and equipment:

Approved and contracted for	RM'million
	96,477.3

The capital commitments of our Group are in respect of our aircraft purchases comprising Airbus A321Neo aircraft orders from Airbus until 2035. The source of funds will be from a combination of internally generated funds, bank borrowings (from aircraft-focused financial institutions) and operating lease from a list of potential aircraft lessors globally. The decision to finance an aircraft will only be made approximately 6 months from the date of delivery of a particular aircraft upon receiving the official delivery notice from Airbus.

10. MATERIAL TRANSACTIONS

Since 30 September 2021, being the date of our latest available unaudited consolidated financial statements, up to the LPD, save for the Rights Issue and the following, our Company has not entered into any transaction which may have a material effect on our Group's operations, financial position and results:

10.1 Private Placement

On 21 January 2021, our Company had announced the Private Placement, which entails an issuance of up to 668,394,816 Placement Shares, representing up to 20% of the then existing total number of issued Shares prior to the Private Placement. Bursa Securities had, vide its letter dated 3 February 2021, approved the listing and quotation for the Placement Shares.

The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Securities on 16 April 2020 which increased the limit prescribed under Paragraph 6.03 of the Listing Requirements from 10% to 20%.

On 19 February 2021, our Company completed the first tranche of the Private Placement involving the issuance of 369,846,852 Placement Shares at RM0.675 per Placement Share, following the listing and quotation of the Placement Shares on the Main Market of Bursa Securities, and thereby raising gross proceeds amounting to approximately RM249.65 million.

Subsequently, on 17 March 2021, our Company completed the second tranche of the Private Placement involving the issuance of 100,367,362 Placement Shares at RM0.865 per Placement Share, which raised gross proceeds amounting to approximately RM86.82 million.

The total gross proceeds of approximately RM336.5 million raised from the Private Placement up to the LPD have been fully utilised in the following manner:

<u>Utilisation of proceeds</u>	<u>Expected timeframe</u>	<u>Proposed utilisation⁽¹⁾ (RM million)</u>	<u>Gross proceeds raised up to the LPD⁽²⁾ (RM million)</u>	<u>Actual utilisation as at the LPD (RM million)</u>
Fuel hedging settlement	6 – 12 months	146.6	108.6	108.6
Aircraft lease and maintenance payments	3 months	95.2	70.5	70.5
AirAsia Digital's business units' technology development costs, product and market expansion costs and marketing expenses	Within 12 months	77.0	57.0	57.0
General working capital expenses	Within 6 months	135.5	100.2	100.2
Estimated expenses for the Private Placement	Immediate	0.2	0.2	0.2
Total		454.5	336.5	336.5

Notes:

- (1) *Based on the announcement of the Private Placement dated 21 January 2021.*
- (2) *The allocation of the proceeds raised up to the LPD is proportionate to the allocations set out in the proposed utilisation of proceeds section of the announcement dated 21 January 2021 in relation to the Private Placement.*

As at the LPD, there is a remaining 198,180,602 Placement Shares to be issued pursuant to the Private Placement. Our Company had obtained the approval from Bursa Securities vide its letter dated 26 July 2021 for an extension of time of up to 31 December 2021 to complete the implementation of the Private Placement. Subject to the decision by the Board and management of our Company, the Private Placement may continue to be implemented after the Entitlement Date.

10.2 Acquisition of Velox Technology (Thailand) Co. Ltd and Velox Fintech Co. Ltd. by AirAsia Digital and AirAsia SuperApp Sdn Bhd

On 7 July 2021, our Company had announced that AirAsia Digital and AirAsia SuperApp Sdn Bhd (*formerly known as AirAsia Ads Sdn Bhd*), a wholly-owned subsidiary of AirAsia Digital ("**AirAsia SuperApp**"), had entered into various agreements in relation to:

- (a) the proposed acquisition of 100.0% of the equity interest in Velox Technology (Thailand) Co. Ltd. for a purchase consideration of USD40.0 million from Velox South-East Asia Holdings Pte. Ltd., Go-jek Singapore Pte. Ltd. And Velox Technology South-East Asia Pte. Ltd. (collectively the "**VT Sellers**") ("**Proposed VT Acquisition**"); and
- (b) the proposed acquisition of 100.0% of the equity interest in Velox Fintech Co. Ltd. for a purchase consideration of USD10.0 million from Velox Pay South-East Asia Holdings Pte. Ltd., Go-jek Singapore Pte. Ltd. and Velox Technology South-East Asia Pte. Ltd. (collectively the "**VF Sellers**") ("**Proposed VF Acquisition**").

The agreements entered into are:

- (i) a sale and purchase agreement entered into between the VT Sellers, AirAsia SuperApp, AirAsia Digital, Teh Mun Hui and Pattra Boosarawongse in relation to the Proposed VT Acquisition;
- (ii) a sale and purchase agreement entered into between the VF Sellers, AirAsia Digital, Aireen Omar and Pattra Boosarawongse in relation to the Proposed VF Acquisition; and
- (iii) a share subscription agreement relating to the subscription for shares in AirAsia SuperApp between Velox South-East Asia Holdings Pte. Ltd., AirAsia Digital and AirAsia SuperApp.

The considerations for the Proposed VT Acquisition and Proposed VF Acquisition (collectively, the "**Proposed Acquisitions**") shall be wholly satisfied by the issue of shares in the issued share capital of AirAsia SuperApp, whereby VT Sellers (or one of their affiliates) will subscribe for such number of ordinary shares in AirAsia SuperApp which will represent 4.76% (being 3.81% in respect of the Proposed VT Acquisition and 0.95% in respect of the Proposed VF Acquisition) of the total issued share capital of AirAsia SuperApp.

AirAsia Digital had on 7 October 2021 terminated the Proposed VF Acquisition. As at the LPD, the Proposed VT Acquisition is pending completion and is expected to be completed by the fourth quarter of 2021.

10.3 Restructuring and recapitalisation plan of Asia Aviation Capital Public Company Limited and Thai AirAsia Co. Ltd.

On 19 October 2020, the Board of Directors of Asia Aviation Capital Public Company Limited (“AAV”), the listed company on the Stock Exchange of Thailand holding 55.0% interest in Thai AirAsia Co. Ltd. (“TAA”), the 45.0%-owned Affiliate Airline of our Group, had announced the restructuring and recapitalisation plan of AAV and TAA (“AAV/TAA Restructuring and Recapitalisation Plan”) to raise a net amount of approximately THB6,200 million (approximately ⁽¹⁾RM773.6 million) and to ultimately hold 100.0% in TAA upon completion of the AAV/TAA Restructuring and Recapitalisation Plan. The AAV/TAA Restructuring and Recapitalisation Plan will include, amongst others, a proposed private placement by AAV of up to THB7,800 million (approximately ⁽¹⁾RM973.2 million) to AirAsia Aviation Limited (*formerly known as AirAsia Investment Limited*) (“AAA”), the 100.0% owned subsidiary of our Company and the existing 45.0% shareholder of TAA, and new investors, a proposed convertible bond issue of THB2,200 million (approximately ⁽¹⁾RM274.5 million) to new investors, and a proposed rights offering by AAV of up to THB3,000 million (approximately ⁽¹⁾RM374.3 million). AAA’s involvement in the proposal entails the following:

- i) the injection of THB3,900 million (approximately ⁽¹⁾RM486.6 million) by AAV into TAA via new equity issuance, and the repayment of part of the intercompany balances owed by TAA to our Group. Following this, AAA will dispose of its entire shareholdings in TAA for a consideration of THB3,800 million (approximately ⁽¹⁾RM474.1 million); and
- ii) the recapitalisation plan, where AAA will participate in the following:
 - a) the proposed private placement of AAV of up to THB8,800 million (approximately ⁽¹⁾RM1,079.9 million), where AAA will subscribe for an amount of up to THB7,800 million (approximately ⁽¹⁾RM973.2 million). For our shareholders’ information, AAA intends to utilise the proceeds from the repayment of intercompany balances by TAA and the proceeds from the sale of the TAA shares to fund the subscription consideration of up to THB7,800 million (approximately ⁽¹⁾RM973.2 million); and
 - b) the proposed rights offering by AAV of up to THB3,000 million (approximately ⁽¹⁾RM374.3 million), where AAA will subscribe for its entitlement amounting to THB1,353 million (approximately ⁽¹⁾RM168.9 million). For our shareholders’ information, AAA’s subscription of its entitlement under the proposed rights offering of AAV is expected to be fully-funded by bank borrowings.

Upon completion of the AAV/TAA Restructuring and Recapitalisation Plan, our Company, via AAA, will hold approximately 40.7% of AAV, which shall be the sole 100.0% shareholder of TAA. The AAV/TAA Restructuring and Recapitalisation Plan is expected to be completed in the first quarter of 2022.

Note:

- (1) *Converted at approximately RM12.4767:THB100, being the middle THB-to-RM exchange rate as at the close of business on the LPD as published by Bank Negara Malaysia.*

11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, EXCESS APPLICATION AND SALE OR TRANSFER OF PROVISIONAL ALLOTMENTS

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AS WELL AS EXCESS RCUIDS WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED BY YOU, YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENTS AS WELL AS INSTRUCTIONS TO APPLY FOR EXCESS RCUIDS WITH WARRANTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND YOUR RENOUNCEE(S) AND TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE DOCUMENTS CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

ACCEPTANCES AND/OR PAYMENTS FOR THE PROVISIONAL ALLOTMENTS WHICH DO NOT STRICTLY CONFORM TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF OR THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. OUR SHARE REGISTRAR WILL NOT CONTACT YOU, YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) FOR SUCH ACCEPTANCES.

11.1 General

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments, as well as to apply for Excess RCUIDS with Warrants if you choose to do so.

This Abridged Prospectus and the RSF are also available from our registered office, our Share Registrar or from Bursa Securities' website at www.bursamalaysia.com.

11.2 NPA

The Provisional Allotments are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Provisional Allotments or to apply for Excess RCUIDS with Warrants.

11.3 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for Excess RCUIDS with Warrants, if you choose to do so, using either of the following methods:

Method	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription	All Entitled Shareholders

11.4 Last time and date for acceptance and payment

The last time and date for acceptance and payment for the Provisional Allotments and the Excess RCUIDS with Warrants is at **5.00 p.m. on 17 December 2021**, being the **Closing Date**.

We shall make an announcement on Bursa Securities on the results of the allocation of the RCUIDS after the Closing Date.

11.5 Procedures for acceptance and payment

i. By way of RSF

Acceptance of and payment for the Provisional Allotments must be made in accordance with the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of the Abridged Prospectus and the notes and instructions or which are illegible may not be accepted at the absolute discretion of our Board.

If you wish to accept your entitlement to the Provisional Allotments, either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Send each completed and signed RSF together with remittance in RM for the exact amount payable for the Provisional Allotments accepted in the reply envelope enclosed with this Abridged Prospectus, by **ORDINARY POST, COURIER or DELIVERY BY HAND** (at your own risk) to our Share Registrar at the following address:

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel. No.: 03-2783 9299

Fax. No.: 03-2783 9222

Or

Tricor Customer Service Centre

Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The completed and signed RSF together with the accompanying subscription monies must arrive **not later than 5.00 p.m. on the Closing Date**.

If you, your renounee(s) and/or transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you, your renounee(s) and/or transferee(s) (if applicable) may obtain additional copies from your stock broker, our Share Registrar at the address stated above, at our registered office or the website of Bursa Securities (<https://www.bursamalaysia.com>).

1 RSF can only be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. If successful, the RCUIDS with Warrants accepted by you will be credited into the CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSFs by our Share Registrar by the Closing Date, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Provisional Allotments that can be accepted is 2 RCUIDS with 1 Warrant. However, you should note that a trading board lot of the RCUIDS and Warrants comprises 100 RCUIDS and Warrants respectively. Fractions of RCUIDS with Warrants, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RCUIDS WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "AAGB RCUIDS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

If acceptance and payment for the Provisional Allotments allotted to you are not received (whether in full or in part) by our Share Registrar **by 5.00 p.m. on the Closing Date**, such Provisional Allotments will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such RCUIDS and Warrants not taken up to applicants who have applied for Excess RCUIDS with Warrants in the manner as set out in Section 11.7 of this Abridged Prospectus.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RCUIDS WITH WARRANTS. PROOF OF TIME OF POSTAGE WILL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RCUIDS WITH WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES. ALL RCUIDS WITH WARRANTS TO BE ISSUED TO THE SUCCESSFUL APPLICANT WILL BE CREDITED DIRECTLY TO THEIR RESPECTIVE CDS ACCOUNT. NO PHYSICAL SHARE CERTIFICATES WILL BE ISSUED.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/ DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY, THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ii. By way of e-Subscription

You, your renounee(s) and/or transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and payment for the Provisional Allotments through e-Subscription available from TIIH Online website at <https://tiih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporations or institutional shareholders.

Subsequent to the Entitlement Date, we will, at our discretion, authorise the Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of e-Subscription for the Rights Issue on TIIH Online website.

The e-NPA and the e-RSF are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for Excess RCUIDS with Warrants by way of e-Subscription shall take note of the following:

- i. any e-Subscription received by the Share Registrar after the Closing Date for Acceptance, Excess Application and Payment shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise. Any e-Subscription, once received by the Share Registrar from you, is irrevocable and shall be binding on you;
- ii. you will receive notification to login to TIIH Online in respect of your shareholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe the Rights Issue which you are entitled to in whole or part thereof as stipulated in this Abridged Prospectus;
- iii. the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at our sole discretion. We reserve the right at our absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed;
- iv. the number of Provisional Allotments you are entitled to under the Rights Issue is set out in the e-RSF. You are required to indicate the number of Provisional Allotments you wish to accept and number of Excess RCUIDS with Warrants you wish to apply in the e-RSF;
- v. the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;
- vi. a handling fee of **RM5.00 per e-RSF** is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- vii. the new RCUIDS arising from the Provisional Allotments accepted and Excess RCUIDS with Warrants applied (if successful pursuant to the procedure for Excess Application as stated in this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Allotments.

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All Entitled Shareholders who wish to opt for e-Subscription, either in full or in part of your Provisional Allotments, please read and follow the procedures set below:

i. Sign up as a user of TIIH Online

- a. Access TIIH Online at <https://tiih.online>;
- b. Under e-Services, select "Sign Up" – "Create Individual Account" (applicable for individual shareholders) or "Create Corporate Holder Account" (applicable for corporation or institutional shareholders). You may refer to the tutorial guide posted on the homepage for assistance;
- c. Registration will be verified and you will be notified by email within two working days; and
- d. Proceed to activate your account with the temporary password given in the email and reset your own password.

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent a Corporate Holder Account(s), please contact our Share Registrar for further details and requirements.

ii. Procedures to make e-Subscription

Individual Registered Entitled Shareholders

- a. Login to TIIH Online at <https://tiih.online>;
- b. Select the corporate exercise name: **AAGB RIGHTS ISSUE-RCUIDS WITH WARRANTS**;
- c. Read and agree to the Terms & Conditions and confirm the Declaration;
- d. Preview your CDS Account details and your Provisional Allotments;
- e. Select the relevant CDS Account and insert the number of RCUIDS to subscribe and the number of Excess RCUIDS with Warrants to apply (if applicable) in the e-RSF;
- f. Review and confirm the number of RCUIDS which you are subscribing and the number of Excess RCUIDS with Warrants you are applying (if applicable) and the total amount payable for the RCUIDS and Excess RCUIDS with Warrants (if applicable);
- g. Review the payment of stamp duty at RM10 for each e-RSF and handling fee of RM5 for each e-RSF which is included in the total amount payable;
- h. Proceed to pay via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account;
- i. As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address; and
- j. Print the payment receipt and your e-RSF for your reference and record.

Corporation or institutional Registered Entitled Shareholders

- a. Login to TIIH Online at <https://tjih.online>;
- b. Select the corporate exercise name: **AAGB RIGHTS ISSUE-RCUIDS WITH WARRANTS**;
- c. Agree to the Terms & Conditions and Declaration;
- d. Proceed to download the “e-RSF file of Provisional Allotments”;
- e. Preview the respective CDS Account details and its Provisional Allotments;
- f. Arrange to pay for the subscription of RCUIDS and Excess RCUIDS with Warrants via telegraphic transfer into our designated bank account as follows:

Account Name:	AAGB RCUIDS ACCOUNT	AAGB EXCESS RCUIDS ACCOUNT
Bank:	RHB ISLAMIC BANK BERHAD	RHB ISLAMIC BANK BERHAD
Bank Account No.:	26431700047812	26431700047820

- g. Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into our Share Registrar's bank account as follows:

Account Name: TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Bank: Malayan Banking Berhad
Bank Account No.: 514012025081

- h. Once payments are completed, prepare the submission of your subscriptions by translating the data into the “e-RSF file on the Provisional Allotments”;
- i. Login to TIIH Online, select corporate exercise name: **AAGB RIGHTS ISSUE-RCUIDS WITH WARRANTS** and proceed to upload the subscription file duly completed;
- j. Select "Submit" to complete your submission; and
- k. Print the confirmation report of your submission for your record.

iii. Terms and conditions for e-Subscription

The e-Subscription of RCUIDS and Excess RCUIDS with Warrants (if successful), shall be made on and subject to the terms and conditions appearing herein:

- a. After login to TIIH Online, you are required to confirm and declare the following information given are true and correct:
 - i. you have attained 18 years of age as at the last day for subscription and payment;

- ii. you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at www.bursamalaysia.com, the contents of which you have read and understood; and
 - iii. you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in Section 7 of this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- b. you agree and undertake to subscribe for and to accept the number of RCUIDS and Excess RCUIDS with Warrants applied (if applicable) for as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of RCUIDS that may be allotted to you;
- c. by making and completing your e-Subscription, you, if successful, request and authorise the Share Registrar or our Company to credit the RCUIDS allotted to you into your CDS Account;
- d. you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or the Share Registrar and irrevocably agree that if:
 - i. our Company or the Share Registrar does not receive your e-Subscription; or
 - ii. data relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to the Share Registrar, you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against our Company or the Share Registrar for the RCUIDS accepted and/or Excess RCUIDS with Warrants applied for or for any compensation, loss or damage relating to the e-Subscription;
- e. you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected; you must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository;
- f. by making and completing an e-Subscription, you agree that:
 - i. in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotment and Excess RCUIDS with Warrants applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
 - ii. the Share Registrar will not be liable for any delay, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

- g. the Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions; and
- h. notification on the outcome of your e-Subscription for the RCUIDS and Excess RCUIDS with Warrants will be despatched to you by ordinary post to the address as shown in the Record of Depositors of our Company at your own risk within the timelines as follows:
 - i. successful application - a notice of allotment will be despatched within 8 Market Days from the Closing date; or
 - ii. unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account if you have registered such bank account information to Bursa Depository for the purposes of cash dividend/ distribution. If you have not registered such bank account information to Bursa Depository the refund will be by issuance of cheque and sent by ordinary mail to your last address maintained with Bursa Depository at your own risk.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/ DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RCUIDS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING SUCH RCUIDS INTO THE CDS ACCOUNTS OF OUR ENTITLED SHAREHOLDERS, THEIR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL RCUIDS OR WARRANT CERTIFICATES WILL BE ISSUED.

If acceptance and payment for the Provisional Allotments allotted to you are not received (whether in full or in part) by our Share Registrar by **5.00 p.m. on the Closing Date**, such Provisional Allotments will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such RCUIDS and Warrants not taken up to applicants who have applied for Excess RCUIDS with Warrants in the manner as set out in Section 11.7 of this Abridged Prospectus.

11.6 Procedures for sale or transfer of Provisional Allotments

The Provisional Allotments are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Allotments standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last day and time for the sale or transfer of the Provisional Allotments (as the case may be) in accordance with the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotments, you need not deliver any document (including the RSF) to your stockbroker in respect of the portion of the Provisional Allotments sold or transferred. However, you are advised to read and adhere to the RSF and the notes and instructions contained in the RSF, and ensure that you must have sufficient number of Provisional Allotments standing to the credit in your CDS Account before such sale or transfer.

Renouncee(s) and transferee(s) of the Provisional Allotments may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar or at our registered office. This Abridged Prospectus and the RSF are also available on Bursa Securities' website at www.bursamalaysia.com.

If you have sold or transferred only part of your Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF. Please refer to Section 11.5 of this Abridged Prospectus for the procedures for acceptance and payment.

11.7 Procedures for application for Excess RCUIDS with Warrants

i. By way of RSF

If you wish to apply for additional RCUIDS in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) in accordance with the notes and instructions contained in the RSF. Send each completed and signed RSF together with **a separate remittance in RM** for the full and exact amount payable for the Excess RCUIDS with Warrants applied in the reply envelope enclosed with this Abridged Prospectus, by the mode of despatch of your choice (at your own risk) to our Share Registrar.

The completed and signed RSF, together with the accompanying application monies, must arrive not later than **5.00 p.m. on the Closing Date**.

The minimum number of Excess RCUIDS with Warrants that can be applied for is 2 RCUIDS with 1 Warrant. However, you should note that a trading board lot comprises 100 RCUIDS or Warrants respectively.

PAYMENT FOR THE EXCESS RCUIDS WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.5(i) OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "AAGB EXCESS RCUIDS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RCUIDS WITH WARRANTS APPLIED FOR ANY EXCESS OR INSUFFICIENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

ii. By way of e-Subscription

If you are an Entitled Shareholder, their renouncee(s) and/or transferee(s) (if applicable) who is an individual, you may apply for the Excess RCUIDS with Warrants via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess RCUIDS with Warrants by following the same steps as set out in Section 11.5(ii) of this Abridged Prospectus.

The e-Subscription for Excess RCUIDS with Warrants will be made on, and subject to, the same terms and conditions appearing in Section 11.5(ii) of this Abridged Prospectus.

It is the intention of our Board to allocate the Excess RCUIDS with Warrants, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renounee(s) and transferee(s) (if applicable) who have applied for Excess RCUIDS with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for Excess RCUIDS with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for Excess RCUIDS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess RCUIDS with Warrants applied for; and
- (iv) finally, for allocation to the renounee(s) and/or transferee(s), if applicable, who have applied for Excess RCUIDS with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess RCUIDS with Warrants applied for.

After the above allocations are completed and in the event of any Excess RCUIDS with Warrants balance, the balance will be allocated based on steps (ii) to (iv) above until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess RCUIDS with Warrants applied for under the RSF in such manner as our Board deems fit or expedient and in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis and that the intention of our Board set out in steps (i) to (iv) above is achieved. Our Board also reserves the right at its absolute discretion not to accept any Excess RCUIDS with Warrants application, in full or in part, without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RCUIDS WITH WARRANTS. PROOF OF TIME OF POSTAGE WILL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR.

HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, THE RCUIDS WITH WARRANTS WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

APPLICATIONS FOR THE EXCESS RCUIDS WITH WARRANTS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

WHERE AN APPLICATION FOR THE EXCESS RCUIDS WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/ DISTRIBUTION. IF YOU HAVE NOT REGISTERED SUCH BANK ACCOUNT WITH BURSA DEPOSITORY THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.8 Procedures to be followed by renounee(s) and transferee(s)

As a renounee or transferee, the procedures for acceptance, payment, selling or transferring of the Provisional Allotments are the same as that which are applicable to our Entitled Shareholders as described in Sections 11.1 to 11.7 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of the Abridged Prospectus and/or accompany RSF, you can request the same from your stock broker, our Share Registrar at the address stated above, our registered office or the website of Bursa Securities (<https://www.bursamalaysia.com>).

RENOUNCEES AND TRANSFEREES ARE ADVISED TO READ, UNDERSTAND AND CAREFULLY CONSIDER THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.9 Form of issuance

Bursa Securities has prescribed the securities of our Company listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Allotments and RCUIDS are prescribed securities and, as such, all dealings in the Provisional Allotments and RCUIDS will be by book entries through CDS Accounts and will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in your application being rejected.

Your subscription for the Provisional Allotments shall mean that you consent to receive such RCUIDS with Warrants as deposited securities which will be credited directly into your CDS Account. No physical RCUIDS certificate will be issued to you. All Excess RCUIDS with Warrants allotted shall also be credited directly into the CDS Account of successful applicants.

11.10 Foreign addressed shareholders and/or shareholders subject to laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The distribution of the Documents, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the RCUIDS may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdiction under the relevant laws of those jurisdictions.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, who will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

As an Entitled Shareholder, you and your renounee(s) and transferee(s) (if applicable) may only accept or renounce or transfer (as the case may be) all or any of the Provisional Allotments to the extent that it would be lawful to do so, and our Company, our directors and officers and RHB Investment Bank (collectively, "**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any foreign country or jurisdiction to which you and your renounee(s) and transferee(s) (if applicable) are or may be subject to. You and your renounee(s) and transferee(s) (if applicable) must be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the countries or jurisdictions to which you are or might be subject to. The Parties will not accept any responsibility or liability whatsoever to any party in the event that any acceptance or renunciation or transfer made by any Entitled Shareholder and/or their renounee(s) and transferee(s) (if applicable) is or becomes unlawful, unenforceable, voidable or void in any such country or jurisdiction.

Our Company reserves the right, in our absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of RCUIDS available for excess application by other Entitled Shareholders and/or their transferee(s) and/or their renounee(s).

In addition, each person, by accepting the delivery of the Documents, and accepting any Provisional Allotments by signing any of the forms accompanying the Documents or subscribing for or acquiring any Provisional Allotments, will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which you and your renounee(s) and transferee(s) (if applicable) are or might be subject to;
- (ii) you and your renounee(s) and transferee(s) (if applicable) have complied with the laws to which you and your renounee(s) and transferee(s) (if applicable) are or might be subject to in connection with the acceptance or renunciation;
- (iii) you and your renounee(s) and transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) you and your renounee(s) and transferee(s) (if applicable) are aware that the Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) you and your renounee(s) and transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus and has/have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers to such questions as you and your renounee(s) and transferee(s) (if applicable) deem necessary in connection with your and your renounee(s) and transferee(s) (if applicable) decision to subscribe for or purchase the Provisional Allotments; and

- (vi) you and your renouncee(s) and transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the RCUIDS, and are prepared to bear the economic and financial risks of investing in and holding the RCUIDS.

Entitled Shareholders and any other person having possession of this Abridged Prospectus or its accompanying documents are advised to inform themselves of and to observe any applicable legal requirements. No person in any territory outside of Malaysia receiving this Abridged Prospectus or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any RCUIDS unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Excess RCUIDS with Warrants available for excess application by the other Entitled Shareholders and/or their renouncee(s) and transferee(s) (if applicable). You and your renouncee(s) and transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your and your renouncee(s)' and transferee(s)' (if applicable) entitlements under the Rights Issue or to any net proceeds thereof.

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12. TERMS AND CONDITIONS

The issuance of the RCUIDS with Warrants is governed by the terms and conditions as set out in the Documents and the respective Trust Deed and Deed Poll.

13. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
AIRASIA GROUP BERHAD



TAN SRI ANTHONY FRANCIS FERNANDES
Non-Independent Executive Director and Chief Executive Officer

SALIENT TERMS OF THE RCUIDS

Terms	Details
Issuer	: AirAsia Group Berhad (" Issuer ").
Trustee	: Malaysian Trustees Berhad.
Issue size/ Basis of allotment	: RM974,513,219.25 in nominal value of RCUIDS based on the Shariah principle of Murabahah (via Tawarruq arrangement) on the basis of 2 RCUIDS for every 6 AAGB Shares held on the Entitlement Date.
Issue price	: Each RCUIDS shall be issued at 100% of its nominal value of RM0.75.
Shariah principles	: Murabahah (via Tawarruq arrangement).
Form and denomination	: The RCUIDS will be issued in registered form and in denominations and multiples of RM0.75 each.
Tenure	: 7 years commencing from and inclusive of the issue date for the RCUIDS (" Issue Date ") and expiring on the 7 th anniversary from the Issue Date (" Maturity Date ").
Profit rate and profit payment frequency	: The profit rate for the RCUIDS shall be a fixed rate of 8.0% per annum, computed based on the nominal value of the outstanding RCUIDS, payable quarterly in arrears, with the first profit payment commencing 3 months from the Issue Date.
Profit payment basis	: Actual number of days over 365 days.
Conversion rights	: The RCUIDS Holders shall have the right to surrender the nominal value of the RCUIDS (outstanding amount) for conversion into new AAGB Shares at any time during the Conversion Period (as defined below) at the Conversion Price. For the avoidance of doubt, no Profit (as defined below) shall be payable on such RCUIDS as from the Issue Date or the Profit payment date immediately preceding the conversion date, whichever is the later. Any fraction of a share resulting from such conversion shall be disregarded and the Issuer reserves the right to deal with such new ordinary shares, which represents fractional interests in such manner, and on such terms the Issuer deems beneficial to AAGB. RCUIDS Holders shall have the ability to convert all or part of its RCUIDS at any time during the Conversion Period (and may do so more than once).
Conversion period	: The period commencing at any time on and after the Issue Date up to 5.00 p.m. on the 8 th market day prior to the Maturity Date (both dates inclusive) (" Conversion Period ").
Conversion price	: RM0.75, equivalent to the nominal value of the RCUIDS for 1 new AAGB Share, or such adjusted price as may be for the time being applicable in accordance with the conditions of the Trust Deed. The Conversion Price is subject to adjustments as described below.

SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Conditions conversion	<p>for : The following conditions must be complied with before any conversion of the RCUIDS can be made:</p> <ul style="list-style-type: none"> (i) the relevant RCUIDS Holder shall have served a conversion notice during the Conversion Period on AAGB informing the intention to convert the RCUIDS into new AAGB Shares; (ii) upon receipt of the conversion notice by AAGB, AAGB shall procure the Share Registrar to act in accordance with the Listing Requirements for the allotment and/or issuance of the new AAGB Shares arising from the conversion; and (iii) such other conditions as may be advised by the Solicitors, to be agreed with AAGB and disclosed in the Trust Deed.
Mode of conversion	: The RCUIDS are convertible into new AAGB Shares by surrendering for cancellation a corresponding nominal value of the RCUIDS to the Conversion Price for every 1 new AAGB Share at any time during the Conversion Period. Any fraction remaining held by the RCUIDS Holders resulting from such conversion will be disregarded and AAGB shall not be required to pay the value of such fraction to the RCUIDS Holders.
Status and ranking of the RCUIDS	: The RCUIDS will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank equally and without any preference or priority among themselves. The payment obligations of the Issuer under the RCUIDS shall, save for exceptions as may be provided by mandatory provisions of applicable laws and subject to the terms and conditions of the RCUIDS, at all times, rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Ranking of the new AAGB Shares to be issued pursuant to the conversion of the RCUIDS	: The new AAGB Shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared by the Issuer which entitlement date thereof precedes the allotment date of the new AAGB Shares allotted pursuant to the conversion of the RCUIDS.
Redemption/ Redemption schedule	: Unless previously converted or redeemed (subject to the terms and conditions of the RCUIDS), the Issuer shall redeem the RCUIDS in accordance with the redemption schedule below (" Redemption Schedule "). All redemption shall be in the same proportion in relation to each RCUIDS Holder and shall be made in direct order of the Redemption Schedule.

Anniversary from Issue Date	% of issued size redeemed*
1 st	-
2 nd	-
3 rd	-
4 th	25%
5 th	25%
6 th	25%
7 th	25%
	100%

* Subject to adjustment in the event of Early Redemption (as defined below).

SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Redemption/ Redemption schedule (cont'd)	<p>: Redemption shall commence on the 4th anniversary from the Issue Date and annually thereafter until the 7th anniversary, with the book closing date being the relevant anniversary of the Issue Date.</p> <p>The annual redemption amount and redemption amount per RCUIDS unit are computed as follows:</p> $\text{("Annual Redemption Amount")} = \text{Outstanding nominal value of RCUIDS in issue} \times \frac{\text{Scheduled \% of the year}}{\text{Total remaining \% per schedule inclusive of \% for the year}}$ $\text{Redemption Amount per RCUIDS unit} = \frac{\text{Annual Redemption Amount}}{\text{Total RCUIDS units outstanding}}$ <p>The actual Annual Redemption Amount shall be calculated based on the outstanding nominal value of RCUIDS in issue on the book closing date on each relevant anniversary and the redemption procedure shall be in accordance with the provisions of the Trust Deed.</p> <p>For the avoidance of doubt, the RCUIDS Holders shall have no right to otherwise demand for the early redemption of the outstanding RCUIDS by the Issuer.</p>
Redemption rate	: 100% of the nominal value of the RCUIDS.
Provision on early redemption	<p>: The Issuer may, by giving to the Trustee at least 30 days' prior written notice, make an early redemption of the outstanding RCUIDS in whole on the 4th anniversary of the Issue Date ("Early Redemption"). The Early Redemption amount will be based on 105% of the nominal value of the RCUIDS (excluding the relevant Annual Redemption Amount on the 4th anniversary of the Issue Date). The amount payable on the Early Redemption shall include the accrued Profit up to the 4th anniversary of the Issue Date.</p> <p>Unless previously converted or redeemed (subject to the terms and conditions of the RCUIDS), the Issuer shall redeem the RCUIDS in accordance with the Redemption Schedule.</p> <p>For the avoidance of doubt, the RCUIDS Holders shall have no right to otherwise demand for an early redemption of the outstanding RCUIDS by the Issuer.</p>
Adjustment in the Conversion Price in the event of alteration of share capital	: Subject to the provisions in the Trust Deed, the Conversion Price shall be adjusted by our Board in consultation with the adviser and certification of the external auditors, in the event of any alteration to the share capital of the Issuer on or before the Maturity Date, whether by way of rights issue, bonus issue, capitalisation issue, consolidation or subdivision of shares or reduction of capital howsoever being effected. The RCUIDS shall include standard convertible bond market protection and Conversion Price adjustment provisions.

SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Rights of the RCUIDS Holders	: The RCUIDS Holders shall not be entitled to any dividends, rights, allotments and/or other distributions declared by AAGB, which entitlement date thereof precedes the allotment date of the new AAGB Shares allotted pursuant to the conversion of the RCUIDS.
Amendment to the RCUIDS Holders' rights	: Save as otherwise provided in the Trust Deed, a special resolution of the RCUIDS Holders is required to sanction any modification, variation, abrogation or compromise of or arrangement in respect of the rights of the RCUIDS Holders against the Issuer.
Transaction documents	: The transaction documents shall include, but are not limited to, the following: <ul style="list-style-type: none"> (i) the Trust Deed; (ii) relevant Islamic transaction documents; or (iii) any other documents of whatsoever nature executed or to be executed in connection with the RCUIDS as may be advised by the Solicitors and mutually agreed between the Issuer and the Principal Adviser. <p>(Collectively referred to as the "Transaction Documents")</p>
Events of default	: The events of default (" Events of Default ") typical and customary for a transaction of this nature and are in compliance with the Guidelines on Trust Deeds issued by the SC (revised on 23 July 2020 and effective on 23 August 2020) (as amended from time to time) (" Trust Deeds Guidelines ") shall be the following: <ul style="list-style-type: none"> (i) the Issuer fails to pay any amount due under the RCUIDS when such payment is due and payable in accordance with the Transaction Documents; (ii) any step is taken for the winding-up, dissolution or liquidation of the Issuer, or a resolution is passed for the winding-up of the Issuer, or a petition for winding-up is presented against the Issuer; (iii) where a scheme of arrangement or any other corporate rescue mechanism under the Act has been instituted by or against the Issuer; (iv) an encumbrancer takes possession of, or a trustee, liquidator, receiver, receiver and manager, judicial manager or other officer or similar officer is appointed in respect of, all or a substantial part of the business or assets of any of the Issuer; (v) the Issuer fails to observe or perform any of their undertakings, covenants and/or obligations under the Transaction Documents or there is a breach by the Issuer of any terms under the Transaction Documents (other than an obligation of the type referred to in paragraph (i) above); (vi) any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;

SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Events of Default (cont'd)	<p>(vii) if there should occur any revocation, withholding, invalidation or modification of any licence, authorisation, permits or approvals that impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the Transaction Documents; or</p> <p>(viii) such other events of default as may be advised by the Solicitors and mutually agreed between the Principal Adviser and the Issuer and which are set out in the Transaction Documents.</p>

Upon occurrence of an Event of Default, the Trustee may at its discretion, or shall if so instructed by the RCUIDS Holders by way of a special resolution, declare that an Event of Default has occurred whereupon all the outstanding aggregate nominal value of the RCUIDS together with the profit payment and all other amounts accrued or outstanding under the Transaction Documents shall become immediately due and payable by the Issuer to the RCUIDS Holders, and the Trustee shall be entitled to exercise its rights to enforce any provision under the Transaction Documents.

Rights in the event of default, winding-up or liquidation	: The Trustee may (by giving a written notice to the Issuer) declare that the outstanding RCUIDS are immediately due and repayable, and the RCUIDS then outstanding shall become immediately due and repayable at their nominal amounts together with accrued Profit up to and including the date of repayment.
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Ibra'	: Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full. The Ibra' shall be subject to the requirements stipulated under the Guidelines.
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The RCUIDS Holders in subscribing the RCUIDS agree to grant Ibra' on the Deferred Sale Price (as defined below), upon the occurrence of any of the following events:

- (i) if the RCUIDS are fully redeemed before the Maturity Date pursuant to the provisions on Early Redemption; or
- (ii) the conversion of the RCUIDS to new AAGB Shares; or
- (iii) the declaration of an Event of Default.

The "Deferred Sale Price" shall be equivalent to the aggregate of the Purchase Price and a mark-up (profit margin) ("Profit") which is payable quarterly in arrears.

The Ibra' upon full redemption of the RCUIDS before the Maturity Date pursuant to the provisions on Early Redemption shall be:

Deferred Sale Price	<i>less</i>	<p>(the total amount of principal paid on the early redemption date to the RCUIDS Holders including the portion of unearned Profit that will be payable due to the early redemption rate of 105%</p> <p><i>plus</i></p> <p>the total cumulative amount of Profit already paid to the RCUIDS Holders up to the early redemption date)</p>
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SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Ibra' (cont'd)	<p>The Ibra' upon the conversion of the RCUIDS to new AAGB Shares shall be:</p> <ul style="list-style-type: none"> (i) the accrued Profit of the period between the Issue Date or the last Profit payment date, whichever is the later, and the conversion date; and (ii) the unearned Profit from the conversion date up to the Maturity Date. <p>The Ibra' upon the declaration of an Event of Default shall be the unearned Profit due to the RCUIDS Holders calculated from the date of the declaration of the Event of Default up to the Maturity Date.</p> <p>The amount payable ("Dissolution Amount") by the Issuer to the RCUIDS Holders upon declaration of an Event of Default will be calculated by the Trustee based on the formula below:</p> $\text{Dissolution Amount} = \text{Deferred Sale Price determined at the Issue Date, less the aggregate of the Profit paid from the Issue Date (if any), less Ibra' (if any)}$
Ta`widh (compensation)	: In the event of any delay in payments of the Deferred Sale Price, the Issuer shall pay to the RCUIDS Holders Ta`widh (compensation) on such delayed payments at the rate and in the manner prescribed by the SC's Shariah Advisory Council, as may be amended from time to time.
Listing status	: The RCUIDS and new AAGB Shares to be issued upon conversion of the RCUIDS will be listed on the Main Market of Bursa Securities.
	The admission, listing and quotation of the RCUIDS on the Main Market of Bursa Securities is subject to compliance with the public spread requirements of the Listing Requirements, where there must be at least 100 RCUIDS Holders holding not less than 1 board lot of the RCUIDS each.
Board lot	: For the purpose of trading on the Main Market of Bursa Securities, the RCUIDS shall be tradable upon listing in board lots of 100 units of RCUIDS, or such other denomination as may be determined by Bursa Securities.
Rating	: Not rated.
	The RCUIDS are exempted from rating requirements pursuant to Paragraph 5.02(b) of the Guidelines based on the following:
	<ul style="list-style-type: none"> (i) the RCUIDS Holders are given the right to convert the RCUIDS into new Shares at any time during the Conversion Period; and (ii) the underlying Shares will be listed and quoted on the Main Market of Bursa Securities.
Trust Deed	: The RCUIDS shall be constituted by the Trust Deed dated 18 November 2021 which has been executed by the Issuer and the Trustee.

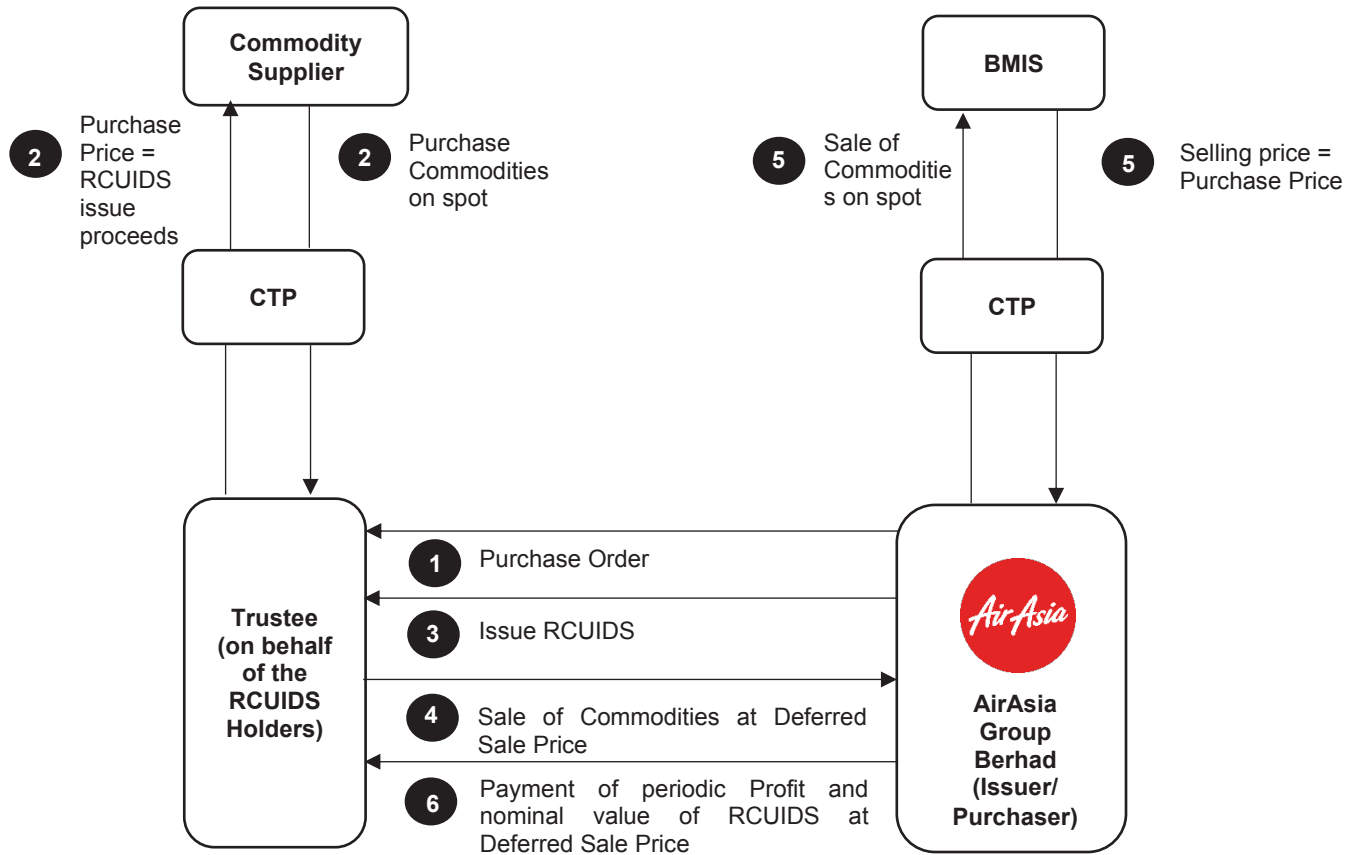
SALIENT TERMS OF THE RCUIDS (CONT'D)

Terms	Details
Voting	<p>: The RCUIDS are not entitled to any voting rights and shall not have any participating rights in any distribution and/or offer of securities in the Issuer until and unless such RCUIDS Holders convert their RCUIDS into the new AAGB Shares.</p> <p>For the avoidance of doubt, the RCUIDS held by the Issuer or any interested person of the Issuer, which includes directors, major shareholders and chief executive (as described in the Trust Deeds Guidelines issued by the SC), shall not be counted for purposes of voting at meeting of the RCUIDS Holders.</p>
Governing laws	<p>: The RCUIDS and the Transaction Documents shall be governed by the laws of Malaysia and be subject to the non-exclusive jurisdiction of the courts of Malaysia.</p>

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SALIENT TERMS OF THE RCUIDS (CONT'D)

TRANSACTION DIAGRAM AND UNDERLYING TRANSACTION OF THE ISSUANCE OF THE RCUIDS



The facility description involving the issuance of the RCUIDS will be in accordance with the following procedures:

Step	Description of the Underlying Transaction
1	<p>Pursuant to a commodity Murabahah master agreement between AAGB as the purchaser (“Purchaser”) and the Trustee (on behalf of the RCUIDS Holders), the Purchaser shall issue a purchase order (“Purchase Order”) to the Trustee (on behalf of the RCUIDS Holders) with an irrevocable and unconditional undertaking to purchase the Commodities (as defined below) from the Trustee (on behalf of the RCUIDS Holders) at the Deferred Sale Price (as defined below). The Trustee (on behalf of the RCUIDS Holders) will appoint a commodity trading participant (“CTP”) to purchase on a spot basis the Commodities from commodity supplier(s) in the Bursa Suq Al-Sila’ commodity platform and/or other independent commodity brokers and/or other platform acceptable to the Shariah Adviser (“Commodity Supplier”) at a purchase price, which shall be an amount equivalent to the RCUIDS issue proceeds (“Purchase Price”).</p> <p>“Commodities” refers to Shariah-compliant commodities which may include but not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform (Bursa Suq Al-Sila’) and/or other trading platform as approved by the Shariah Adviser which will be identified at or around the time of issuance of the RCUIDS or conversion of the RCUIDS, as the case may be.</p>

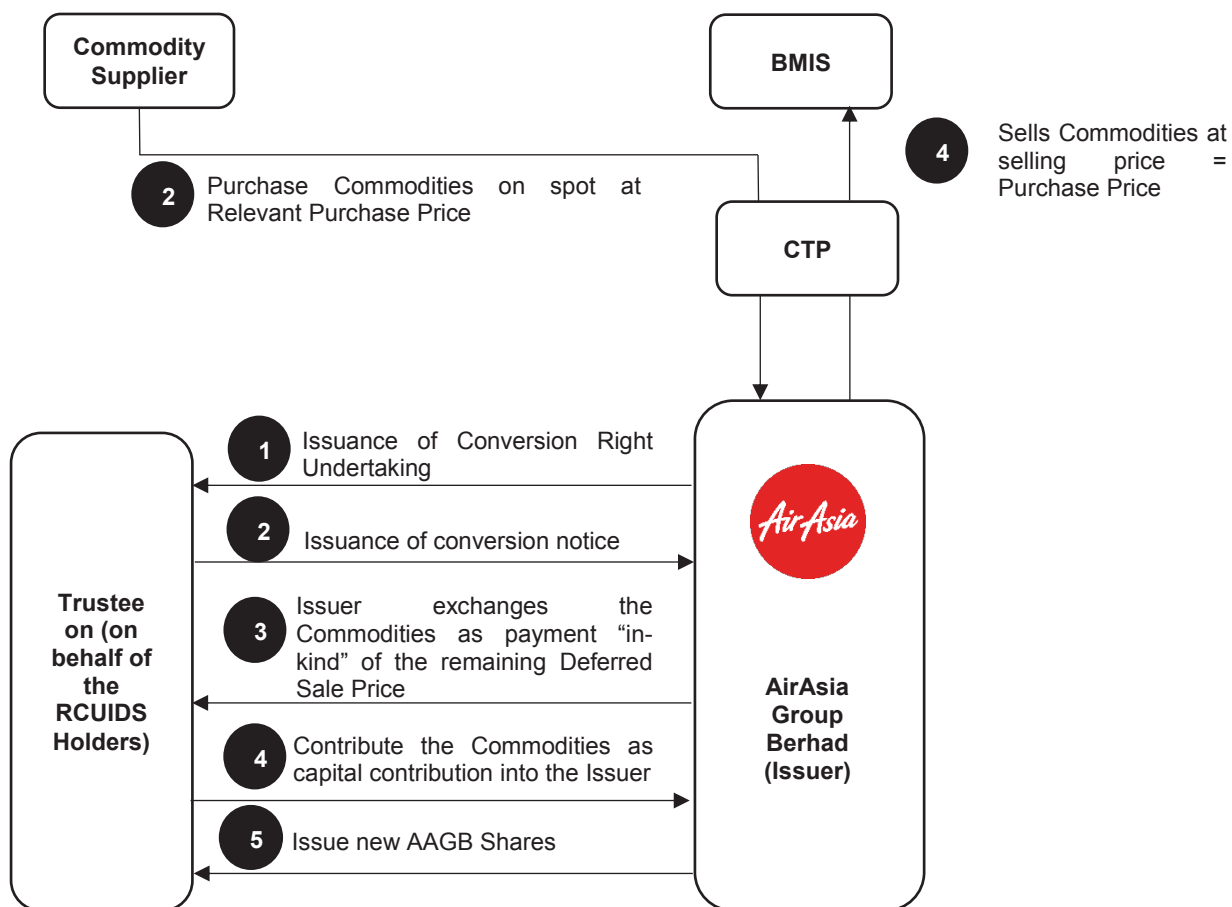
SALIENT TERMS OF THE RCUIDS (CONT'D)

Step	Description of the Underlying Transaction
2	<p>Pursuant to the Purchase Order, the Trustee (on behalf of the RCUIDS Holders) shall purchase the Commodities on spot basis from the Commodity Supplier via the CTP at the Purchase Price. The Purchase Price shall comply with the SC's Shariah Advisory Council asset pricing requirements as provided in the Guidelines.</p> <p>The Purchase Price shall be equivalent to the proceeds of the RCUIDS based on the Issue Price and shall comply with the asset pricing requirements stipulated under the Guidelines.</p>
3	<p>The Issuer will issue the RCUIDS to the RCUIDS Holders and the RCUIDS shall evidence the RCUIDS Holders' ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to the Purchaser, the RCUIDS shall represent the RCUIDS Holder's entitlement to receive the Deferred Sale Price.</p>
4	<p>Pursuant to the undertaking under the Purchase Order, upon acquiring the Commodities, the Trustee (on behalf of the RCUIDS Holders) shall sell the Commodities to the Purchaser for a sale price equivalent to the Deferred Sale Price.</p> <p>The "Deferred Sale Price" shall be equivalent to the aggregate of the Purchase Price and a mark-up (profit margin) ("Profit"), which is payable quarterly in arrears under a sale and purchase agreement.</p>
5	<p>Upon completion of purchase from the RCUIDS Holder, the Purchaser shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd ("BMIS") and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Purchase Price.</p>
6	<p>During the tenure of the RCUIDS, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall pay Profit subject to the terms and conditions of the Trust Deed.</p> <p>Unless previously converted or redeemed, the RCUIDS will be redeemed by the Issuer in accordance with the Redemption Schedule. All redemption shall be in the same proportion in relation to each RCUIDS Holder and shall be made in direct order of the Redemption Schedule. Upon the declaration of an Event of Default, winding up or liquidation, as the case may be, all amounts then outstanding on the Deferred Sale Price shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the RCUIDS Holders as final settlement of the same, whereupon the relevant RCUIDS shall be cancelled. In all these circumstances, the provision of Ibra' (where applicable) will be applied.</p>

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SALIENT TERMS OF THE RCUIDS (CONT'D)

TRANSACTION DIAGRAM AND UNDERLYING TRANSACTION IN THE CASE OF A CONVERSION OF THE RCUIDS



The facility description involving the conversion of the RCUIDS will be in accordance with the following procedures:

Step	Description of the Conversion of the RCUIDS
1	Upon issuance of the RCUIDS, the Issuer shall issue a conversion right undertaking in favour of the Trustee (on behalf of the RCUIDS Holders) wherein the Issuer undertakes to enter into commodity transaction with the Trustee (on behalf of the RCUIDS Holders) (as prescribed under step (2) below) so as to enable the RCUIDS Holders to convert their RCUIDS into new AAGB Shares at the relevant Conversion Price at any time during the Conversion Period (" Conversion Right Undertaking ") by way of issuing a conversion notice under the Conversion Right Undertaking.
2	Upon issuance of conversion notice by the relevant RCUIDS Holder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase Commodities from the Commodity Supplier on a spot basis at the relevant purchase price (equivalent to the amount of RCUIDS to be converted into new AAGB Shares) (" Relevant Purchase Price ").

SALIENT TERMS OF THE RCUIDS (CONT'D)

Step	Description of the Conversion of the RCUIDS
3	Subject to the provision of Ibra', the Issuer shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the relevant RCUIDS (which is equivalent to the relevant RCUIDS' nominal value) pursuant to the Issuer's obligation to pay the Deferred Sale Price.
4	The Trustee (on behalf of the relevant RCUIDS Holder) shall contribute the Commodities (which the value is known) as capital contribution into the Issuer. The Issuer shall thereafter appoint a CTP to sell the Commodities to BMIS and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Relevant Purchase Price to obtain cash.
5	Pursuant to the capital contribution in the form of Commodities made by the relevant RCUIDS Holder, the Issuer shall issue new AAGB Shares to the relevant RCUIDS Holder of which the number of new AAGB Shares to be issued to the relevant RCUIDS Holder shall be based on the relevant Conversion Price and computed based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.

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SALIENT TERMS OF THE WARRANTS

Terms	Details
Issuer	: AirAsia Group Berhad.
Issue size	: 649,675,479 Warrants.
Issue price	: The Warrants are to be issued free to our Entitled Shareholders and/or their renounee(s) or transferee(s) (if applicable) who subscribe for the RCUIDS.
Form and denomination	: The Warrants shall be issued (together with the RCUIDS) in registered form and shall be detached from the RCUIDS upon issuance and shall be separately traded.
Tenure	: 7 years from and inclusive of the date of issuance of the Warrants.
Exercise period	: 7 years from and inclusive of the date of issuance of the Warrants and up to and including the expiry date of the Warrants (" Exercise Period ").
Expiry date	: 7 years from the date of issuance of the Warrants. Any Warrants which have not been exercised during the Exercise Period shall thereafter lapse and cease to be valid for any purpose.
Exercise price	: RM1.00 per Warrant, payable in respect of each new AAGB Share upon the exercise of the Warrants but subject always to adjustments.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for 1 new AAGB Share at the Exercise Price at any time during the Exercise Period, subject to adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	: The registered holders of the Warrants are required to lodge a subscription form, as set out in the Deed Poll, with our Company's share registrar, duly completed, signed and stamped together with payment of the Exercise Price for the new AAGB Shares subscribed for via online payment into bank account of our Company maintained with a bank in Malaysia or by banker's draft or cashier's order or money order or postal order in RM drawn on a bank or post office operating in Malaysia, in accordance with the provisions of the Deed Poll.
Ranking of the Warrants	: The Warrants shall be of the same class rank equally and rateably without discrimination or preference regardless of denomination as unsecured obligations of our Company ranking (subject to such exceptions as may from time to time exist under any applicable law or the Deed Poll) equally with all of other present and future unsecured obligations (other than subordinated obligations, if any) of our Company.
Ranking of the new AAGB Shares to be issued pursuant to the exercise of the Warrants	: The new AAGB Shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing AAGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to our shareholders, the entitlement date of which is prior to the allotment date of the new AAGB Shares to be issued upon the exercise of the Warrants.

SALIENT TERMS OF THE WARRANTS (CONT'D)

Terms	Details
Adjustments to the Exercise Price and/or number of Warrants in the event of alteration to the share capital	: The Exercise Price and/or number of Warrants shall be adjusted by our Board in consultation with the approved adviser or the external auditors of AAGB and certified by the external auditors of AAGB, in the event of any alteration to the share capital of our Company whether by way of rights issue, bonus issue, capitalisation issue, consolidate or subdivision of shares or reduction of capital howsoever being effected, in accordance with the provisions of the Deed Poll.
Rights of the Warrants Holders	: The Warrants Holders shall not be entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrants Holders exercise their Warrants into new AAGB Shares in which event any entitlement will be as specified under "Ranking of the new AAGB Shares to be issued pursuant to the exercise of the Warrants".
Modification of rights of the Warrants Holders	: Save as otherwise provided in the Deed Poll, any modification, amendment, deletion or addition to the Deed Poll (including the rights of the Warrants Holders, form and content of the warrant certificates to be issued in respect of any Warrants) may be effected only with a sanction of a special resolution (unless modification, amendment, deletion or addition is required to correct any typographical errors, related to purely administrative matters, required to comply with prevailing laws or regulations of Malaysia or in the opinion of our Company, will not be materially prejudicial to the interests of Warrants Holders), by a deed to be executed by our Company and expressed to be supplemental to the Deed Poll and if the requirements of the Deed Poll have been complied with.
Board lot	: For the purpose of trading on the Main Market of Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new AAGB Shares at any time during the Exercise Period, or such other denomination as determined by Bursa Securities. The Warrants will be immediately detached from the RCUIDS upon issuance and shall be listed and traded on the Main Market of Bursa Securities when the Warrants meet the conditions of the Listing Requirements of at least 100 holders of Warrants holding not less than 1 board lot each and submitting relevant application for the Warrants to be listed on the Main Market of Bursa Securities. The Warrants will not be listed in the event this condition is not met.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: In the event of a resolution is passed for a members' voluntary winding-up of our Company or liquidation or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then: (i) for the purposes of such winding-up, liquidation, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrants Holders or some person designated by them for such purpose by special resolution, shall be a party, the terms of such winding-up, liquidation, compromise or arrangement shall be binding on all the Warrants Holders; and

SALIENT TERMS OF THE WARRANTS (CONT'D)

Terms	Details
Rights in the event of winding-up, liquidation, compromise and/or arrangement (<i>cont'd</i>)	: (ii) in any other case, every Warrants Holder shall be entitled upon and subject to the Deed Poll at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the winding-up, liquidation, compromise or arrangement (as the case may be), by the irrevocable surrender of his Warrants to our Company, to exercise his Warrants by submitting the duly completed exercise form(s) authorising the debiting of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding-up, liquidation, compromise or arrangement, exercised his Warrants to the extent specified in the exercise form(s) and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new AAGB Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly. If our Company is wound up, all exercise rights of the Warrants Holders which have not been exercised within 6 weeks of the passing of such resolution, shall lapse and the Warrants shall cease to be valid for any purpose.
Listing status	: The Warrants and new AAGB Shares to be issued upon exercise of the Warrants will be listed on the Main Market of Bursa Securities.
Governing law	: The laws of Malaysia.

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INFORMATION OF OUR COMPANY

1. PRINCIPAL ACTIVITIES

Our Company is an investment holding company, where through our subsidiaries, we engage in providing commercial air transport services, providing aircraft leasing facilities, providing supporting services to air transport, ground handling services, investment holding, provision of media content services, provision of financial services, technology and platform services activities, provision of inflight meal products, food and beverages, logistics business, event ticketing business, online retail sales, research and experimental development on information technology, development of software for cybersecurity, marketing and distribution of loyalty programme and managing customer loyalty points. Our Company operates in various countries which include Malaysia, Singapore, Thailand, Indonesia, the Philippines, India and China.

2. SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

As at the LPD, our Company's issued share capital is RM8,462,769,799.83 comprising 3,898,052,879 Shares. Please refer to Section 8.4 of this Abridged Prospectus for information on our Company's substantial shareholders' shareholdings before and after the Rights Issue.

3. DIRECTORS**3.1 Board of Directors**

The details of our Board as at the LPD are set out in the table below:

Name (Designation)	Age	Address	Nationality
Datuk Kamarudin bin Meranun (<i>Non-Independent Executive Chairman</i>)	60	27, Jalan Setiabakti 6 Bukit Damansara 50490 Kuala Lumpur	Malaysian
Tan Sri Anthony Francis Fernandes (<i>Non-Independent Executive Director and Chief Executive Officer</i>)	57	No. 37-21-7 Sri Penaga Condominium Jalan Medang Serai Bukit Bandaraya 59100 Kuala Lumpur	Malaysian
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar (<i>Non-Independent Non-Executive Director</i>)	68	56, Jalan Balau Bukit Damansara 50490 Kuala Lumpur	Malaysian
Dato' Fam Lee Ee (<i>Senior Independent Non-Executive Director</i>)	60	No. 9, Jalan Pekaka 8/17B Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor	Malaysian
Dato' Mohamed Khadar bin Merican (<i>Independent Non-Executive Director</i>)	65	No. 20, Jalan Pakat Ukay Heights 68000 Ampang Selangor	Malaysian

INFORMATION OF OUR COMPANY (CONT'D)**3.2 Directors' shareholdings**

The Rights Issue is not expected to have any immediate effect on the shareholdings of our Directors until such time when the RCUIDS are converted and/or the Warrants are exercised into new AAGB Shares.

The pro forma effects on our Directors' shareholdings are illustrated based on our Record of Depositors as at the LPD and assuming all our Entitled Shareholders subscribe in full for their respective entitlements to the RCUIDS.

For illustration purposes, the pro forma effects of the Rights Issue on the direct and indirect shareholdings of our Directors as at the LPD are as follows:

Name	As at the LPD			(I) After the Rights Issue		
	Direct	Indirect	%	Direct	Indirect	%
	No. of Shares ('000)	No. of Shares ('000)		No. of Shares ('000)	No. of Shares ('000)	
DKM	2,000	(1)1,025,485	0.05	2,000	(1)1,025,485	0.05
TSTF	1,600	(1)1,025,485	0.04	1,600	(1)1,025,485	0.04
Dato' Abdel Aziz	990	-	0.03	990	-	0.03
Dato' Mohamed Khadar bin Merican	250	-	0.01	250	-	0.01
Dato' Fam Lee Ee	-	-	-	-	-	-

Name	(II)(A) After (I) and assuming full redemption of the RCUIDS			(III)(A) After (II)(A) and assuming full exercise of the Warrants		
	Direct	Indirect	%	Direct	Indirect	%
	No. of Shares ('000)	No. of Shares ('000)		No. of Shares ('000)	No. of Shares ('000)	
DKM	2,000	(1)1,025,485	0.05	2,000	(1)1,196,999	0.04
TSTF	1,600	(1)1,025,485	0.04	1,600	(1)1,196,999	0.04
Dato' Abdel Aziz	990	-	0.03	1,154	-	0.03
Dato' Mohamed Khadar bin Merican	250	-	0.01	292	-	0.01
Dato' Fam Lee Ee	-	-	-	-	-	-

INFORMATION OF OUR COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

Our audited consolidated financial information for the past 3 FYEs 31 December 2018, 31 December 2019 and 31 December 2020 and our latest unaudited consolidated financial information for the 9-month FPE 30 September 2021 together with the relevant notes are disclosed in the following documents which have been published on the website of Bursa Securities (www.bursamalaysia.com):

	Pages
Our annual report for the FYE 31 December 2020:	
Income statements	178
Statements of comprehensive income	179
Statements of financial position	180 to 181
Consolidated statement of changes in equity	182
Statement of changes in equity	183
Statements of cash flows	184 to 186
Notes to the financial statements	187 to 280
Our annual report for the FYE 31 December 2019:	
Income statements	218
Statements of comprehensive income	219
Statements of financial position	220 to 221
Consolidated statement of changes in equity	222
Statement of changes in equity	223
Statements of cash flows	224 to 226
Notes to the financial statements	227 to 337
Our annual report for the FYE 31 December 2018:	
Income statements	240
Statements of comprehensive income	241
Statements of financial position	242 to 243
Consolidated statement of changes in equity	244 to 245
Statement of changes in equity	246
Statements of cash flows	247 to 250
Notes to the financial statements	251 to 354
Our quarterly report for the 9-month FPE 30 September 2021:	
Unaudited condensed consolidated income statement	1
Unaudited condensed consolidated statement of comprehensive income	2
Unaudited condensed consolidated statement of financial position	3 to 4
Unaudited condensed consolidated statement of changes in equity	5
Unaudited condensed consolidated cash flow statements	6 to 7
Notes to the quarterly report	8 to 28

Each of the said consolidated financial statements is incorporated by reference to this Abridged Prospectus and forms part of this Abridged Prospectus.

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INFORMATION OF OUR COMPANY (CONT'D)**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of AAGB Shares as traded on the Main Market of Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are set out in the table below:

	<u>High</u> <u>(RM)</u>	<u>Low</u> <u>(RM)</u>
<u>2020</u>		
December	1.000	0.715
<u>2021</u>		
January	0.885	0.670
February	0.960	0.690
March	1.270	0.900
April	1.060	0.830
May	0.900	0.800
June	0.995	0.830
July	0.965	0.810
August	0.960	0.800
September	1.090	0.900
October	1.330	1.000
November	1.190	0.835

Last transacted market price of AAGB Shares on 9 July 2021, being the last trading day prior to the announcement of the Rights Issue dated 12 July 2021

0.895

Last transacted market price of AAGB Shares as at the LPD

1.130

Last transacted market price of AAGB Shares on 30 November 2021, being the last Market Day immediately before the ex-date for the Rights Issue

0.900

(Source: Bloomberg Finance Singapore L.P.)

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INFORMATION OF OUR COMPANY (CONT'D)

6. OPTIONS TO SUBSCRIBE FOR SHARES

On 17 February 2021, our Company had announced the LTIS for eligible employees and directors of our Group, which entails an issuance of up to 10% of the total number of issued Shares at any one time throughout the duration of the LTIS, consisting of an ESOS and a SGS. The LTIS was been approved by Bursa Securities on 24 May 2021, and subsequently approved by our shareholders on 21 June 2021.

Our Company implemented the LTIS with effect from 2 August 2021. Any employee or director of our Group (excluding dormant subsidiaries) is eligible for consideration and selection as a LTIS participant by the LTIS committee if he/she meets the following criteria:

- (i) he/she is a Malaysian citizen or a foreigner employed by our Group (excluding dormant subsidiaries);
- (ii) he/she is at least 18 years of age;
- (iii) he/she is neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (iv) he/she has been employed on a full time basis or is serving in a specific designation under any employment contract with, and is on the payroll of, any member of our Group (excluding dormant subsidiaries);
- (v) he/she is a confirmed employee;
- (vi) he/she remains an employee of our Group and has not given any notice of resignation or received a notice of termination or has otherwise ceased or had his/her employment terminated;
- (vii) he/she falls within any other eligibility criteria as may be determined by the LTIS committee; and
- (viii) he/she is also required to be an executive director or an employee of any member of our Group (excluding dormant subsidiaries) holding a senior position or such position as may be designated by the LTIS committee. For the avoidance of doubt, non-executive directors will not be eligible.

For the avoidance of doubt, the selection of any LTIS participant shall be made by the LTIS committee, whose decision shall be final, binding and conclusive. The LTIS committee may at any time determine any other eligibility criterion or waive any eligibility criterion, for the purposes of selecting a LTIS participant.

The LTIS will be effective for a period of 6 years up to 2 August 2027 and may be extended for a further period of up to 4 years at the discretion of our Board and upon the recommendation of the LTIS committee.

Our Company will receive proceeds from the exercise of the options by the grantees of the ESOS, which will be used, amongst others, for our Group's working capital purposes, including but not limited to payment of trade and other payables, employee costs, marketing and administrative expenses. Our Company will not receive any proceeds pursuant to the issuance of new AAGB Shares to the grantees of the SGS, as such grantees will not be required to pay for the new AAGB Shares to be issued to them under the SGS.

The Outstanding ESOS Options were offered on 3 August 2021 to the eligible employees of our Group pursuant to the LTIS with an exercise price of RM0.7425, which may be vested from financial year 2024 onwards, subject to the achievement of certain performance conditions as may be determined by the LTIS committee in accordance with the By-Laws.

INFORMATION OF OUR COMPANY (CONT'D)

One of the key vesting conditions attached to the Outstanding ESOS Options is the share price of AAGB on the Outstanding ESOS Options vesting date. The actual number of the Outstanding ESOS Options which will be vested to participants on the Outstanding ESOS Options vesting date will be determined based on the manner set out below:

Share price as of the Outstanding ESOS Options vesting date* (RM)	Percentage of the Outstanding ESOS Options to be vested (%)
< 1.50	0% of total Outstanding ESOS Options
1.50 to < 1.60	50% of total Outstanding ESOS Options
1.60 to < 1.70	60% of total Outstanding ESOS Options
1.70 to < 1.80	70% of total Outstanding ESOS Options
1.80 to < 1.90	80% of total Outstanding ESOS Options
1.90 < 2.00	90% of total Outstanding ESOS Options
2.00 and above	100% of total Outstanding ESOS Options

Note:

* The share price refers to the closing price of the Shares listed and quoted on the Main Market of Bursa Securities on the date of the Outstanding ESOS Options vesting date, or the last market day if the Outstanding ESOS Options vesting date falls on a non-market day. The share price performance condition is subject to the relevant adjustment events under the By-Laws.

7. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of business within the past 2 years preceding the date of this Abridged Prospectus:

- (i) Convertible Note Purchase Agreement dated 6 August 2021 entered into between BigPay SG and SK Malaysia Investment I Pte Ltd (“SK”) for the issuance and sale of convertible promissory notes of up to USD100.0 million in nominal value to SK. SK has pursuant to the Convertible Note Purchase Agreement, purchased a convertible promissory note of USD60.0 million (“**Convertible Promissory Note**”) which shall be convertible upon the receipt of the relevant regulatory approvals from Bank Negara Malaysia and the Monetary Authority of Singapore. Once regulatory approval is obtained, the convertible promissory note of USD60.0 million will convert into preference shares of BigPay SG and SK will become a shareholder of BigPay SG. In addition, SK reserves the right (but not the obligation) to purchase an additional convertible promissory note having an aggregate principal amount as elected by SK to be equal to or less than USD40.0 million. As at the LPD, BigPay SG and SK are currently in the process of preparing and finalizing the necessary documents for submission to Bank Negara Malaysia and the Monetary Authority of Singapore for the requisite approvals;
- (ii) Shareholders Agreement dated 6 August 2021 entered into between BigPay SG, AirAsia Digital and SK to govern and record the rights of AirAsia Digital and SK as shareholders of BigPay SG. The Shareholders Agreement will only become effective upon the conversion of the Conversion Promissory Note into preferences shares of BigPay SG;
- (iii) charge over shares of BigPay SG dated 6 August 2021 entered into by AirAsia Digital in favour of SK to secure, *inter alia*, the obligations and liabilities of BigPay SG under the Convertible Notes Purchase Agreement and the payment obligations of BigPay SG under the Shareholders Agreement, in consideration of SK entering into the Convertible Notes Purchase Agreement; and

INFORMATION OF OUR COMPANY (CONT'D)

- (iv) the Guarantee dated 6 August 2021 entered into by AAGB in favour of SK to guarantee, *inter alia*, the obligations and liabilities of BigPay SG under the Convertible Notes Purchase Agreement and the payment obligations of BigPay SG under the Shareholders Agreement, in consideration of SK entering into the Convertible Notes Purchase Agreement.

8. MATERIAL LITIGATION

As at the LPD, save as disclosed below, neither our Company nor our subsidiaries are involved in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board does not have any knowledge of any proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group:

(i) **AAB and AirAsia X Berhad vs. Malaysia Airports (Sepang) Sdn Bhd**

On 2 October 2019, AAB together with AirAsia X Berhad ("**AAX**") filed a writ of summons at the Kuala Lumpur High Court against Malaysia Airports (Sepang) Sdn Bhd ("**MASSB**") for special damages in the sum of RM479,781,285.00 and general damages occasioned by MASSB's negligence and/or breaches of contract in maintaining and operating KLIA2. AAB and AAX subsequently filed an amended statement of claim on 23 December 2019 and a reply on 26 December 2019.

AAB and AAX applied for an application to expunge an affidavit filed by MASSB ("**Expungement Application**") on 12 March 2021. MASSB subsequently applied to strike out the whole suit ("**Striking Out Application**") and also applied for further and better particulars ("**FBP Application**") on 30 March 2021. The Expungement Application is fixed for hearing on 10 December 2021 whilst the case managements for MASSB's Striking Out Application and FBP Application shall be determined once the Expungement Application has been heard by the Court.

The solicitors acting for AAB and AAX in this suit have indicated that AAB and AAX have an even chance to succeed on the Expungement Application and to resist the Striking Out Application as well as in succeeding in the claim provided there is clear, cogent and independent evidence to support the claim.

Subsequent to the LPD, a notice of arbitration was received on 19 November 2021 naming AirAsia Digital, AAB and BigPay SG as respondents pertaining to a claim from Mr. Christopher Davison and Mr. Navin Rajagopalan as the claimants which serves to initiate arbitration proceedings under the Arbitration Rules of the Singapore International Arbitration Centre 2016. These proceedings are brought after some period of time against the decision duly taken by AirAsia Digital to terminate the investment agreement ("**IA**") and shareholders' agreement dated 17 March 2017 ("**SHA**").

Accordingly, the claimants as minority shareholders of BigPay SG are now making a claim, *inter alia*, for wrongful termination of the IA and SHA, and for minority oppression under Section 216(1) of the Companies Act of Singapore. The main relief sought by the claimants is for a buy-out by AirAsia Digital, with an initial quantification of the claim in the region of USD105,000,000.00.

The respondents strongly deny the claims and deny that the claimants are entitled to any relief. The respondents are taking steps to dismiss such claims with cost, defend the claims as well as to counterclaim against the claimants for torts including, but not limited to defamation and conspiracy to injure. The solicitors for the matter are also of the view that the respondents have strong grounds to defend themselves against the claimants' claims.

ADDITIONAL INFORMATION

1. CONSENTS

Our Principal Adviser, Managing Underwriter, Joint Underwriters, legal adviser for the Rights Issue, Shariah Adviser, Share Registrar and Paying Agent, and Trustee have given and have not subsequently withdrawn their written consents before the date of issuance of this Abridged Prospectus for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance Singapore L.P. has given and has not subsequently withdrawn its written consent before the date of issuance of this Abridged Prospectus for the inclusion of its name as the source of our historical share prices as disclosed in this Abridged Prospectus and all references thereto in the form and context in which they appear in this Abridged Prospectus.

2. DECLARATION OF CONFLICT OF INTERESTS BY RHB INVESTMENT BANK

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Group and/or our persons acting in concert. RHB Banking Group has engaged and may in the future engage in transactions with and perform services for our Group, in addition to the roles set out in this Abridged Prospectus.

In addition, any member of the RHB Banking Group may at any time, in the ordinary course of business, offer or provide its services to or engage in any transaction (whether on its own account or otherwise) with any member of our Group, our directors, and/or our shareholders, hold long or short positions in securities offered by any member of our Group, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in our shares and/or other securities, which we may issue in the future.

As at the LPD, RHB Banking Group has subsisting facilities with a combined limit of approximately RM435.5 million with our Group. The extension of the said facilities is in the ordinary course of business of the RHB Banking Group.

Notwithstanding the above and as at the LPD, RHB Investment Bank, as part of the RHB Banking Group, is of the opinion that the abovementioned do not give rise to a conflict of interests situation in its capacity as the Principal Adviser for the Rights Issue due to the following:

- (a) the credit facilities were provided by the RHB Banking Group on an arms' length basis and in its ordinary course of business, and the said credit facilities are not material, representing 1.61% when compared to the latest audited NA of the RHB Banking Group of approximately RM27.02 billion as at 31 December 2020;
- (b) RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;

ADDITIONAL INFORMATION (CONT'D)

- (c) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser for the Rights Issue is in its ordinary course of business. Further, RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser for the Rights Issue; and
- (d) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, the Capital Markets and Services Act 2007 and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

RHB Investment Bank confirms that there is no conflict of interests situation in its capacity as the Principal Adviser for the Rights Issue.

3. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of our Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) the letters of consent referred to in Section 1 of this Appendix;
- (ii) the undertaking letters from the Undertaking Shareholders and SASB in relation to the Entitlement Undertakings referred to in Section 3.1 of this Abridged Prospectus;
- (iii) the material contracts referred to in Section 7 of Appendix III;
- (iv) the Shariah pronouncement letter dated 7 October 2021 issued by the Shariah Adviser referred to in Appendix V;
- (v) the Trust Deed;
- (vi) the Deed Poll;
- (vii) the commodity Murabahah master agreement; and
- (viii) the Conversion Right Undertaking.

4. RESPONSIBILITY STATEMENT

Our Board has seen and approved all documentation relating to the Rights Issue, including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given in the Documents. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statements or other facts which if omitted, would make any statement in the Documents false or misleading.

RHB Investment Bank, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

SHARIAH PRONOUNCEMENT LETTER

HIGHLY CONFIDENTIAL

SHARIAH PRONOUNCEMENT

In the name of Allah, the Most Gracious, the Most Merciful
*All praise is due to Allah, the Cherisher of the world, and peace and blessing upon
The Prophet of Allah, on his family and all his companions*

**AIRASIA GROUP BERHAD
("AAGB" OR THE "ISSUER")**

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM1,024,058,370 IN NOMINAL VALUE OF 7-YEAR REDEEMABLE CONVERTIBLE UNSECURED ISLAMIC DEBT SECURITIES WITH A NOMINAL VALUE OF RM0.75 EACH ("RCUIDS") BASED ON THE SHARIAH PRINCIPLE OF MURABAHAH (VIA TAWARRUQ ARRANGEMENT) ON THE BASIS OF TWO (2) RCUIDS WITH ONE (1) FREE DETACHABLE WARRANT FOR EVERY SIX (6) ORDINARY SHARES IN AAGB ("AAGB SHARES") HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

To the best of my knowledge and information that was disclosed to me as the Shariah Adviser for the Proposed Rights Issue, I, Assoc. Prof. Dr Aznan Hasan hereby confirm that the transaction mechanism of RCUIDS as described below is in compliance with the Shariah principles.

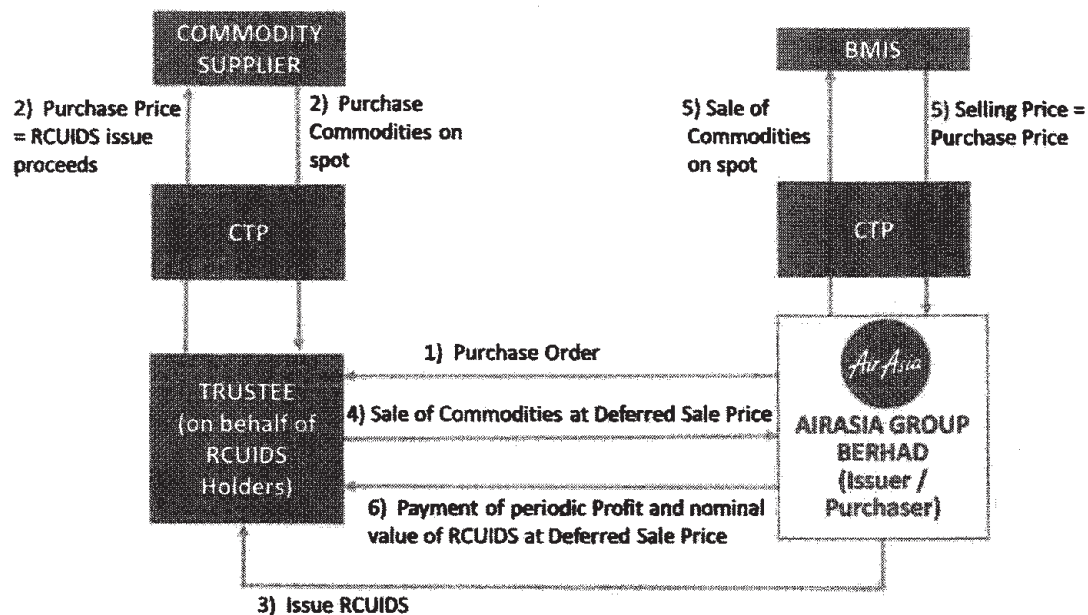
The defined terms used in this Shariah Pronouncement shall have the same meaning as contained in the Principal Terms and Conditions ("PTC") in respect of the RCUIDS.

1. DESCRIPTION OF TRANSACTION STRUCTURE

The issuance of the RCUIDS pursuant to the Proposed Rights Issue (under Shariah Principle of Murabahah (via Tawarruq arrangement)) shall be effected as follows:

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SHARIAH PRONOUNCEMENT LETTER (CONT'D)

Underlying Transaction upon Issuance of RCUIDS

- (1) Pursuant to a commodity Murabahah master agreement ("**Commodity Murabahah Master Agreement**") between AAGB as the purchaser ("**Purchaser**") and the Trustee (on behalf of the holders of RCUIDS ("**RCUIDS Holders**"), the Purchaser shall issue a purchase order ("**Purchase Order**") to the Trustee (on behalf of the RCUIDS Holders) with an irrevocable and unconditional undertaking to purchase the Commodities (as defined in the PTC) from the Trustee (on behalf of RCUIDS Holders) at the Deferred Sale Price (as defined below). The Trustee (on behalf of the RCUIDS Holders) will appoint a Commodity Trading Participant ("**CTP**") to purchase on a spot basis the Commodities from commodity supplier(s) in the Bursa Suq Al-Sila' commodity platform and/or other independent commodity brokers and/or other platform acceptable to the Shariah Adviser ("**Commodity Supplier**") at a purchase price, which shall be an amount equivalent to the RCUIDS' issue proceeds ("**Purchase Price**").
- (2) Pursuant to the Purchase Order, the Trustee (on behalf of RCUIDS Holders) shall purchase the Commodities on spot basis from the Commodity Supplier via the CTP at the Purchase Price. The Purchase Price shall comply with the Securities Commission Malaysia ("**SC**")'s Shariah Advisory Council ("**SAC**") asset pricing requirements as provided in the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (1st issued by the SC on 15 June 2015 and revised on 26 November 2019, and as amended, supplemented and/or substituted from time to time) ("**Guidelines on Retail Corporate Bonds and Sukuk**").

The "**Purchase Price**" shall be equivalent to the proceeds of the RCUIDS based on the issue price of the RCUIDS and shall comply with the asset pricing requirements stipulated under the Guidelines on Retail Corporate Bonds and Sukuk.

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

- (3) The Issuer will issue the RCUIDS to the RCUIDS Holders and the RCUIDS shall evidence the RCUIDS Holders' ownership of the Commodities and all rights thereto (including all rights against the Purchaser under the Purchase Order). Once the Commodities are sold to the Purchaser, the RCUIDS shall represent the RCUIDS Holder's entitlement to receive the Deferred Sale Price.
- (4) Pursuant to the undertaking under the Purchase Order, upon acquiring the Commodities, the Trustee (on behalf of RCUIDS Holders) shall sell the Commodities to the Purchaser for a sale price equivalent to the Deferred Sale Price under a sale and purchase agreement ("**Sale and Purchase Agreement**").

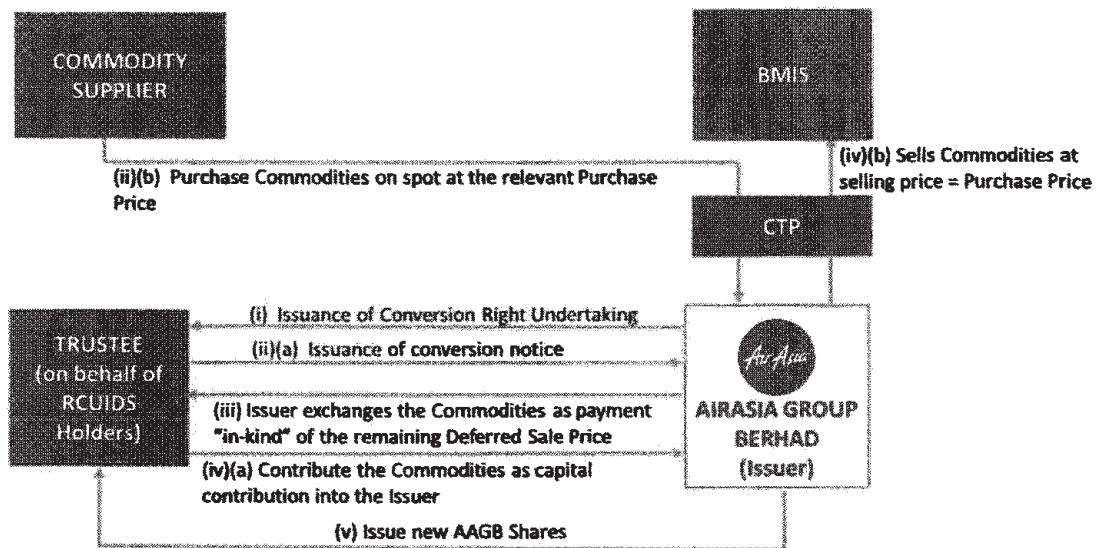
The "**Deferred Sale Price**" shall be equivalent to the aggregate of the Purchase Price and a mark-up (profit margin) ("**Profit**") which is payable quarterly in arrears.

- (5) Upon completion of purchase from the RCUIDS Holder, the Purchaser shall appoint the CTP to sell the Commodities to Bursa Malaysia Islamic Services Sdn Bhd ("**BMIS**") and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Purchase Price.
- (6) During the tenure of the RCUIDS, the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall pay Profit subject to the terms and conditions set out herein.

Unless previously converted or redeemed, the RCUIDS will be redeemed by the Issuer in accordance with the Redemption Schedule as set out in the PTC. All redemption shall be in the same proportion in relation to each RCUIDS Holder and shall be made in direct order of the Redemption Schedule. Upon the declaration of an event of default, winding up or liquidation, as the case may be, all amounts then outstanding on the Deferred Sale Price shall be paid by the Purchaser (as part of its obligation to pay the Deferred Sale Price) to the RCUIDS Holders as final settlement of the same, whereupon the relevant RCUIDS shall be cancelled. In all these circumstances, the provision of Ibra' (where applicable) will be applied.

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SHARIAH PRONOUNCEMENT LETTER (CONT'D)

Underlying transaction in the case of conversion of the RCUIDS


- (i) Upon issuance of the RCUIDS, the Issuer shall issue a conversion right undertaking in favour of the Trustee (on behalf of the RCUIDS Holders) wherein the Issuer undertakes to enter into commodity transaction with the Trustee (on behalf of the RCUIDS Holders) (as prescribed under step ii below) so as to enable the RCUIDS Holders to convert their RCUIDS into new AAGB Shares at the relevant Conversion Price at any time during the Conversion Period ("**Conversion Right Undertaking**") by way of issuing a conversion notice under the Conversion Right Undertaking.
- (ii) Upon issuance of conversion notice by the relevant RCUIDS Holder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase Commodities from the Commodity Supplier on a spot basis at the relevant purchase price (equivalent to the amount of RCUIDS to be converted into new AAGB Shares) ("**Relevant Purchase Price**").
- (iii) Subject to provision of Ibra', the Issuer shall thereafter exchange the Commodities as payment "in kind" of its existing obligation under the relevant RCUIDS (which is equivalent to the relevant RCUIDS' nominal value) pursuant to the Issuer's obligation to pay the Deferred Sale Price.
- (iv) Subsequently, the Trustee (on behalf of the relevant RCUIDS Holder) shall contribute the Commodities (which the value is known) as capital contribution into the Issuer. The Issuer shall thereafter appoint a CTP to sell the Commodities to BMIS and/or other independent commodity brokers acceptable to the Shariah Adviser at a selling price equivalent to the Relevant Purchase Price to obtain cash.
- (v) Pursuant to the capital contribution in the form of Commodities made by the relevant RCUIDS Holder, the Issuer shall issue new AAGB Shares to the relevant RCUIDS Holder of which the number of new AAGB Shares to be issued to the relevant RCUIDS Holder shall be based on the relevant Conversion Price agreed upon upfront and computed

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

based on the Relevant Purchase Price. The relevant RCUIDS shall thereafter be cancelled.

2. IMPORTANT SHARIAH HIGHLIGHTS

The Shariah Adviser wishes to highlight the following:-

2.1 Shariah Contract

The Shariah contract used for the issuance of the RCUIDS is Murabahah (via Tawarruq arrangement).

Murabahah and *Tawarruq* are part of the Approved Shariah Principles and Concepts for Shariah-Compliant Capital Market Products under the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors, as provided in Appendix 7, page 74 & 75. The SAC of SC had resolved that Tawarruq is permissible to be applied in Islamic capital market¹.

The Shariah Advisory Council of Bank Negara Malaysia, in its 67th meeting on 3 May 2007, resolved that there is no objection in Shariah for the issuance of sukuk Murabahah based on Tawarruq arrangement as long as the sale transactions involve three or more contracting parties. The method of issuance of the proposed Sukuk Murabahah involves commodity murabahah transaction through Tawarruq contract to create indebtedness between the Purchaser and RCUIDS Holders. The debt will be settled in full by the Purchaser on the earlier of the maturity date or the event of default.

Furthermore, Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") in its 2017 Shariah Standards, Standard No. (30) Monetization (Tawarruq), page 764, Appendix (B) The Shariah Basis for the Standard, mentioned that majority of the scholars subscribe to the permissibility of Tawarruq except Ibn Taymiyah and Ibn Qayyim who consider Tawarruq as prohibited or worthy of aversion.

2.2 Identified Assets

The underlying commodities for the Murabahah transaction shall exclude al amwal al ribawiyyah (ribawi items) e.g. commodities which are from the category of medium of exchange such as currency, gold and silver to avoid potential Shariah issue(s) especially the issue of riba al buyu' (interest occurs from trading of ribawi goods) as the mode of payment will be on a deferred basis.

¹ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 20, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

The exclusion of *ribawi* items as underlying asset for Murabahah transaction is in line with AAOIFI 2017 Shariah Standards, Standard No. (8), Murabahah, clause 2/2/6 page 202 which states that “*it is not permitted to carry out a Murabahah on deferred payment terms where the asset involved is gold, silver or currencies*”.

In addition, the SAC of SC has also resolved that the underlying assets in *`uqud mu`awadhat*, ventures in *`uqud ishtirak* and investments in *wakalah bi al-istithmar* which become the basis for these sukuk structuring must comply with Shariah.

The SAC of SC further resolved on several matters in respect of underlying assets for Sukuk based on *`Uqud Mu`awadhat* as follows²:

(1) *Types of Underlying Assets*

Underlying assets can be classified to tangible assets such as building and land, and intangible assets such as receivables, usufruct of an asset, rights of intellectual property, etc.

(2) *Underlying Asset Used For Shariah Non-Compliant Activities*

Asset that is used for Shariah non-compliant activities cannot be used as an underlying asset in sukuk structuring.

The Commodity Purchase Price shall be in accordance with the asset pricing requirements stipulated under Part D, Chapter 17, paragraph 17.05, page 36 of the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors³:

The purchase price of an identified asset under sukuk issuance structured based on any Shariah principles must not exceed 1.51 times of—

- (a) the fair value of the asset; or*
- (b) any other appropriate value of such asset.*

The SAC of SC had resolved that⁴:

(1) The asset purchase pricing of an identified asset for sukuk issuance that involve the sale and purchase of identified assets which are structured based on any Shariah principles is permissible, subject to the requirements in item (2) below.

(2) The asset purchase pricing of an identified asset in sukuk issuance must not exceed 1.51 times of:

² Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 99-100, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

³ Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (Revised 26 November 2019), page 36, <https://www.sc.com.my/api/documentms/download.ashx?id=78ced436-2082-4120-9e91-dce870f3a9f0>

⁴ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 98, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

- a. *the fair value of the asset; or*
- b. *any other appropriate value of such asset.*

2.3 Purchase Order from Purchaser

In this issuance, AAGB as the purchaser (“Purchaser”) shall issue a purchase order (“Purchase Order”) to the Trustee (on behalf of the RCUIDS Holders) with an irrevocable and unconditional undertaking to purchase the Commodities from the Trustee (on behalf of RCUIDS Holders) at the Deferred Sale Price. This Purchase Order is issued based on *wa`d* (a unilateral undertaking) and this undertaking is *mulzim* (binding). The Purchaser is liable to compensate the RCUIDS Holders should the Purchaser fails to honour its undertaking.

The *wa`d* is binding upon the Purchaser from Shariah point of view unless there is a valid excuse. It is also legally binding in a court of law if it is made conditional upon a cause, and if the one to whom the promise was made undertook actions entailing expense due to the promise. In such a case the binding nature of the promise takes effect either by the actual fulfillment of the promise or by monetary compensation for the actual damages incurred as a result of the breach of promise without valid excuse. Majority of jurists held that *wa`d* or promise is binding (*mulzim*) if it is subject to certain conditions, provided both parties agree and understand the nature of such promise as well as the consequence of its non-fulfillment.

This is in line with the following Islamic legal maxim⁵:

الْمَوَاعِيدُ بِصُورِ التَّعَالِيقِ تَكُونُ لَازِمَةً

(Meaning; “Promises in the conditional form are binding”)

In addition, since the Purchaser and the RCUIDS Holders cannot enter into a *Murabahah* contract now due to the prohibition of selling something that one does not own, a binding *wa`d* is used to make sure the Purchaser commits itself to buy the Commodities once the RCUIDS Holders have purchased it upon the Purchaser’s request.

The SAC of SC had, deliberated on several issues in relation to *wa`d* (promise) and *muwa`adah* (bilateral promise) and resolved that⁶:

“ Principle of Wa`d

(i) Definition of Wa`d

Wa`d is a promise by a person or a party to perform certain task in the future.

(ii) Binding Effect of Wa`d

⁵ Ahmad ibn Muhammad al-Zarqa’, (1989), *Sharh al-Qawaid al-Fiqhiyyah*, Beirut: Dar al-Fikr, page 425.

⁶ Resolutions of the Shariah Advisory Council of Securities Commission Malaysia, 31 December 2020, pp. 16-17
<https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

Wa`d is *mulzim* (unilaterally binding) on the promisor if the *wa`d* is attached to any of the following:

- a) A particular action which is done by a party including the promisee in the future.
- b) A particular time or date; or
- c) A particular situation which will occur in the future.

The bindingness of *wa`d* shall take effect at the time when the *wa`d* is expressed.

(iii) Permissibility of *Wa`d Mulzim*

Wa`d mulzim is permissible based on the view of *fuqaha'* that *wa`d* which is attached to conditions is binding. The types of conditions include a particular action, date/time and situation.

This ruling may clarify the types and categories of conditions attached to *wa`d* that lead to the binding effect of *wa`d*, especially in the financial instruments that involve promise to enter into contract that is attached to a particular date/time in the future.

(iv) Implication of breach of *Wa`d*

The promisor who breaches his *wa`d* is liable to pay *ta`widh* based on actual loss suffered (if any) by the aggrieved promisee due to the breach of the *wa`d*.

The bindingness of wa`d shall take effect at the time when the wa`d is expressed

2.4 Utilisation of Proceeds

The proceeds of the RCUIDS shall be utilised by AAGB for:

- (i) fuel hedging settlement;
- (ii) aircraft lease and maintenance payments;
- (iii) AirAsia Digital Sdn Bhd's ("AirAsia Digital") business units;
- (iv) general working capital; and
- (v) defraying estimated expenses in relation to the Proposed Rights Issue.

For avoidance of doubt, the Issuer must ensure that the proceeds from issuance of the RCUIDS are utilised for Shariah-compliant purposes only, in accordance with the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors, Chapter 8, paragraph 8.02, page 19, where it is specifically mentioned that⁷:

⁷ *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (Revised 26 November 2019)*, page 19, <https://www.sc.com.my/api/documentms/download.ashx?id=78ced436-2082-4120-9e91-dce870f3a9f0>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

"For sukuk, the issuer must ensure that the proceeds from the sukuk issuance are utilised for Shariah-compliant purposes only".

In addition to the above, the Resolution of the SAC of SC on "Utilisation of Sukuk Proceeds" in relation to General Business will be applicable. The SAC of SC resolved that⁸:

General Business

The sukuk proceeds may be utilised for general business of the issuer and the issuer's group of companies including for general corporate purposes, working capital requirements and capital expenditures provided that the principal activities of the issuer and the issuer's group of companies are Shariah compliant based on the following business activity ("**Benchmarks**"):

- (i) 5% in respect of businesses/activities as specified in Appendix 1; or
- (ii) 20% in respect of businesses/activities as specified in Appendix 2.

The Benchmarks as specified above are only applicable at the point of issuance of the sukuk. The list of businesses/activities as specified in Appendix 1 and Appendix 2 are as follows:

Appendix 1

- (i) Conventional banking and lending;
- (ii) Conventional insurance;
- (iii) Gambling;
- (iv) Liquor and liquor-related activities;
- (v) Pork and pork-related activities;
- (vi) Non-halal food and beverages;
- (vii) Shariah non-compliant entertainment;
- (viii) Tobacco and tobacco-related activities; and
- (ix) Other activities deemed non-compliant according to Shariah principles as determined by the SAC.

Appendix 2

- (i) Share trading;
- (ii) Stockbroking business;
- (iii) Rental received from Shariah non-compliant activities; and
- (iv) Other activities deemed non-compliant according to Shariah principles as determined by the SAC.

If the proceeds from the issuance of the RCUIDS are advanced from the Issuer to the Issuer's subsidiaries via intercompany advances, such advance will be made via *Qardh* or Shariah-compliant financing under principle of *Mudharabah*, *Murabahah* (via *Tawarruq* arrangement), *Wakalah*, *Musharakah* or other principles acceptable to the Shariah Adviser and such proceeds must be utilised for Shariah-compliant purposes. This complies with the Resolutions of the SAC of SC on "*Utilisation of Sukuk Proceeds*"

⁸ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 92, 94-95, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

*For Inter-Company Advances*⁹, whereby the SAC of SC had resolved that inter-company advances of sukuk proceeds between the issuer to the parent company, its subsidiaries, group of companies or other parties should be executed via Shariah-compliant mechanism only⁹.

In the event such advance is under the principle of *Mudharabah*, the *Mudharabah* arrangement between the Issuer and the relevant subsidiaries would reflect the features of *Mudharabah*, e.g. the profit sharing ratio, *Mudharabah* capital and other *Mudharabah* requirements.

As for the use of proceeds for fuel hedging settlement purposes, it should be clarified here that this fuel hedging settlement is not about entering into new hedging arrangement. Instead, these hedging settlements are previous hedge positions that have been completely unwound which gave rise to the situations that AAGB and/or its subsidiaries needs to make payments to counterparties. Hence, the proceeds of the sukuk issuance will be used to make good of these payables to the creditors. The Shariah Adviser believes that using the sukuk proceeds for the purpose of settling outstanding debt arising from the unwinding of its hedge positions in this manner does not go against the principles of Shariah, or any ruling by the SAC of SC. In fact, this opinion is in line with the Resolutions of the SAC of SC. In this respect, the SAC of SC resolved that¹⁰:

“Besides that, the SAC has further resolved that the utilisation of the sukuk proceeds by the issuer and the issuer’s group of companies for the following purposes are Shariah compliant:

1- Refinancing or Repayment of Outstanding Conventional Borrowings.

The sukuk proceeds may be utilised to refinance or repay (wholly or partly) outstanding conventional borrowings provided that the outstanding conventional borrowings, which were used for activities or purposes that are prohibited by Shariah is not more than 49% of the total outstanding conventional borrowings. Notwithstanding the above, if a company that carries out Shariah non-compliant business activities is in the process of converting its business into a fully Shariah compliant business, the sukuk proceeds may be utilised to refinance or repay (wholly or partly) its outstanding conventional borrowings....”

It should be noted that the purpose of the unwound hedge positions was to hedge against the price increase of fuel which is obviously Shariah compliant. Hence, the Shariah Adviser believes that utilising the sukuk proceed for this hedging settlement purpose does not contradict any principles of Shariah.

In respect of the aircraft lease and maintenance payments, the proceeds from the issuance of RCUIDS will be utilised by AirAsia Berhad and its leasing subsidiary, Asia Aviation Capital Limited, whereby the proceeds will be used to maintain the aircrafts and

⁹ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 96-97, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

¹⁰ Ibid, p. 92

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

to fulfil aircraft lease obligations to the lessors who have restructured the lease contracts. For avoidance of doubt, this leasing is based on operating lease basis. The SAC of SC resolved that rental payments from finance leases and operating leases are Shariah-compliant products if they are free of any element of penalty¹¹. The Shariah Adviser believes that the utilisation for this purpose shall not have any Shariah issues.

As for the provisions of financial services, the proceeds may be used by BigPay, which currently provides prepaid credit card services and remittance services. A prepaid card is a card which allows the owner to use the card to pay for things. A client can buy a prepaid credit card with money loaded on it. He then, can use the card to spend up to that amount without any credit provided to him. The Shariah Adviser believe that there shall be no issue of issuing prepaid credit card, since there is no provision of credit or loan attached to the card. Though it is named prepaid credit card, in actual fact, it behaves like a debit card, as the owner of the card will only use the amount that has been loaded in the card¹². Hence, it is like a normal debit card that a person may own. Regarding remittance, the Shariah Adviser also believes there is no issue in respect of providing remittance services and to earn fees from these services.

As for media content services, the subsidiaries involved in these activities are RedBeat Academy Sdn. Bhd. (formerly known as Format Media Sdn. Bhd.), Rokki Media Holdings Sdn. Bhd. and Rokki Sdn. Bhd. These services are for internal branding/media team which provides media services intra group for all different subsidiaries branding and advertisement requirements. There are no media content services provided to external parties. As AAGB is a Shariah compliant company, the Shariah Adviser believes that there shall be no issue to utilise the proceeds for the purpose of media content services of AAGB and its subsidiaries.

Regarding In-flight meal products, food and beverages, the subsidiaries involved in these activities are Santan Food Sdn. Bhd. and its subsidiaries. AirAsia has always retailed only halal foods and beverages in all its flights.

As for online retail, the subsidiaries involved in these activities are AirAsia Com Travel Sdn. Bhd. and its subsidiaries and AirAsia Digital Sdn. Bhd. and its subsidiaries. The Group's online retail is done via airasia super app. Airasia super app is owned by AirAsia Digital Sdn. Bhd. This platform enable retailers to sell foods, groceries, beauty, health and other retail products. These products are mainly acceptable products from Shariah point of view. As for AAGB's own merchandise, all the merchandises are halal. Although there some non halal products sold on these platforms by third parties, the number of non halal merchandise is small and less than 5% of the total merchandise.

AirAsia Digital Sdn. Bhd. is a Shariah compliant company. In term of revenue, AirAsia Digital Sdn. Bhd. recorded revenue of RM116.02m (1Q2021), whereby airasia super app generated RM10.01M (8.6%) of the total revenue of AirAsia Digital Sdn. Bhd.. This revenue is in the form of commission for sale of flight tickets, hotels, groceries, food etc. Out of this amount (RM10.01M), the bulk of the commission came from commission for

¹¹ Resolution of the Securities Commission Shariah Advisory Council, Second Edition, reprint 2007, <https://www.sc.com.my/api/documentms/download.ashx?id=511180c4-b0f1-49e3-9f92-46efe55457bc>, P. 89.

¹² <https://www.bankrate.com/glossary/p/prepaid-credit-card/>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

selling of flight tickets and hotels. The returns generated from non halal products is less than 5% of the revenue of airasia super app. In comparison to the total revenue of AirAsia Digital Sdn. Bhd., the returns from the non halal merchandise is much lesser than that. From this point of view, the Shariah Adviser believes that the use of the utilisation for this online retail shall not give rise to any Shariah issue.

2.5 Application of Shariah Concept of Relinquishment of Liability by Paying the Equivalent (الوفاء بالمقابل)

Upon issuance of conversion notice by the relevant RCUIDS Holder pursuant to the Conversion Right Undertaking given by the Issuer, the Issuer shall purchase Commodities from the Commodity Supplier on a spot basis at the relevant purchase price (equivalent to the amount of RCUIDS to be converted into new AAGB shares) (“**Relevant Purchase Price**”). The Issuer shall thereafter exchange the Commodities as payment “in kind” of its existing obligation under the RCUIDS (which is equivalent to the RCUIDS’ nominal value) and pay the RCUIDS Holder any profit which has been accrued but unpaid, up to the profit payment date immediately prior to the conversion date pursuant to the Issuer’s obligation to pay the Deferred Sale Price. This arrangement is based on Shariah concept of al-Wafa’ bi al-Muqabil.

The act of exchanging the Commodities as payment in-kind which is of equivalent value to the outstanding Deferred Sale Price (subject to ibra’, if any) is in accordance with a concept approved by Shariah namely relinquishment of liability by paying the equivalent (الوفاء بالمقابل). The concept is acceptable as long as the payment in-kind is equivalent in value with the liability to be relinquished and both parties agreed to apply the concept¹³. As for this issuance, AAGB and the RCUIDS Holders have agreed on the application of the concept.

Further to the above, pursuant to deliberation in meeting of the SAC of SC on the issue of bai’ al dayn bi al-sila’ where the obligation of the issuer to pay debt which arose pursuant to the issuance of RCUIDS was undertaken by exchanging the RCUIDS (al-dayn) with commodity (al-sila’). The SAC of SC had resolved¹⁴ that where in this context, the commodity was considered as payment ‘in-kind’ by the issuer to the RCUIDS holders based on the obligation of the issuer under the RCUIDS and hence is permissible.

¹³ Dr Rushdi Shihatah Abu Zaid, إنقضاء الإلتزام بما يعادل الوفاء, p.523-524, Sana’ Sa’id Taha, *al-Wafa’ bi al-Muqabil, Dirasah Muqaranah*, Master Dissertation, An-Najah National University, Nablus, Palestine, 2011, pp. 31 ff.

¹⁴ *Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020*, page 160, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

2.6 Conversion Rights

Upon issuance of the RCUIDS, the Issuer shall issue conversion right undertaking in favour of the RCUIDS Holder wherein the Issuer undertakes to enter into commodity transaction with the RCUIDS Holder (as prescribed under step (ii) of the underlying transaction in the case of a conversion of the RCUIDS under the underlying transaction) so as to enable the RCUIDS Holder to convert their RCUIDS into the new AAGB shares at the relevant Conversion Price at any time during the Conversion Period at the Conversion Price (“**Conversion Right Undertaking**”) by way of issuing a notice under the Conversion Right Undertaking.

The Conversion Right Undertaking is issued based on the Shariah principle of wa`d. The wa`d is binding upon the Issuer.

The SAC of SC had, deliberated on several issues in relation to wa`d (promise) and *muwa`adah* (bilateral promise) and resolved that¹⁵:

“ Principle of Wa`d

(i) Definition of Wa`d

Wa`d is a promise by a person or a party to perform certain task in the future.

(ii) Binding Effect of Wa`d

Wa`d is *mulzim* (unilaterally binding) on the promisor if the wa`d is attached to any of the following:

- a) A particular action which is done by a party including the promisee in the future.
- b) A particular time or date; or
- c) A particular situation which will occur in the future.

The bindingness of wa`d shall take effect at the time when the wa`d is expressed.

(iii) Permissibility of Wa`d *Mulzim*

Wa`d *mulzim* is permissible based on the view of *fuqaha'* that wa`d which is attached to conditions is binding. The types of conditions include a particular action, date/time and situation.

This ruling may clarify the types and categories of conditions attached to wa`d that lead to the binding effect of wa`d, especially in the financial instruments

¹⁵ *Resolutions of the Shariah Advisory Council of Securities Commission Malaysia, 31 December 2020, pp. 16-17*
<https://www.sc.com.my/api/documentms/download.aspx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

that involve promise to enter into contract that is attached to a particular date/time in the future.

(iv) Implication of breach of *Wa`d*

The promisor who breaches his *wa`d* is liable to pay *ta`widh* based on actual loss suffered (if any) by the aggrieved promisee due to the breach of the *wa`d*.

Since AAGB is Shariah compliant listed entity, there is no issue to convert RCUIDS to new shares of AAGB.

However, if the RCUIDS Holders intend to convert the RCUIDS in the event AAGB is no longer a Shariah-Compliant business, the RCUIDS Holders have the rights to do the following:

- (a) convert RCUIDS into AAGB Shares and may follow the SAC of the SC's guide on the timing for the disposal of securities which have been classified as Shariah non-compliant ("**Guidance on Disposal of Shariah Non-Compliant Securities**");
- (b) sell the RCUIDS to a third party; and/or
- (c) require the Issuer to redeem the RCUIDS in cash at 100% nominal amount of the RCUIDS, including any accrued but unpaid RCUIDS profit payments.

However, if the RCUIDS have been converted into AAGB Shares and AAGB is no longer Shariah-Compliant, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable.

Further to the above, the SAC had resolved the following¹⁶:

- "1) In the event the RCUIDS has been issued and no conversion has been made
 - (i) If the RCUIDS has yet to be converted into new shares of the issuer and the issuer's securities has been reclassified from Shariah compliant to Shariah non-compliant by the SAC, the RCUIDS Holder has the rights to do the following:
 - a. The RCUIDS Holder has the discretion to convert the RCUIDS into new shares of the Issuer. In the event the RCUIDS is converted into new shares of the Issuer, then the guidance on timing for disposal of Shariah non-compliant securities as provided in the List of Shariah-Compliant Securities by the SAC of the SC (Guidance on Disposal of Shariah Non-Compliant Securities) may be applicable;

¹⁶ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, pages 36-37, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

- b. The RCUIDS Holder may sell the RCUIDS to third parties; or
- c. The RCUIDS Holder may require the Issuer to redeem the RCUIDS in cash based on a formula to be agreed between the Issuer and the RCUIDS Holder.

2) In the event that the RCUIDS has been issued and converted into new shares of the Issuer:

If the RCUIDS has been converted into new shares of the Issuer and the Issuer's Securities have been reclassified from Shariah compliant to Shariah non-compliant by the SAC, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable."

The SAC further resolved that the above resolution is also applicable for any redeemable convertible secured instruments proposals which have similar convertibility features and structured based on the Shariah principle of Murabahah (via Tawarruq arrangement).¹⁷ Premised on the above, the same resolution could be applied to the RCUIDS issued by AAGB which are convertible to new shares of AAGB.

In respect of the free detachable warrant, the SAC of SC had resolved that¹⁸: "If the warrants have not been exercised and the issuer's securities have been reclassified from Shariah compliant to Shariah non-compliant, the Guidance on Disposal of Shariah Non-Compliant Securities may be applicable." The issuance of free detachable warrant shall follow this Resolution.

2.7 Capital Contribution under the Conversion Rights exercise

Upon AAGB exchanging the Commodities with the RCUIDS as payment "in kind", the RCUIDS Holder shall contribute the Commodities (which the value is known) as consideration for the issuance of new shares of AAGB. AAGB shall thereafter sell the Commodities to the Commodity Buyer to obtain cash.

From Shariah point of view, subscription to new shares of AAGB can be made either in cash or kind. There is no prohibition in Shariah in using commodities as contribution for the issuance of new shares. Commodities that will be used are commodities that are accepted in Shariah as Shariah compliant. Hence, the Shariah Adviser sees no Shariah issues in using commodities as contribution for the issuance of new shares of AAGB.

This opinion is also in line with the resolution of the SAC of SC. The SAC had, at its 229th meeting held on 24 February 2020 discussed on Shariah issues related to the

¹⁷ Ibid, p. 38

¹⁸ Ibid p. 37

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

conversion of sukuk and RCUIDS into new ordinary shares of the issuer (Conversion Shares) and resolved that for redeemable convertible unsecured Islamic debt securities structured based on the Shariah principle of murabahah (RCUIDS Murabahah), direct conversion of RCUIDS Murabahah into the Conversion Shares is not permissible since RCUIDS Murabahah represents debt. However, the conversion of RCUIDS Murabahah into the Conversion Shares is permissible via specific Shariah mechanism in accordance with the requirements as set out in below:

- (i) The issuer should exchange the RCUIDS Murabahah held by the RCUIDS holders with non-debt assets (the value must be known);
- (ii) The RCUIDS holders shall subsequently contribute the non-debt assets as their capital contribution in-kind into the business of the issuer; and
- (iii) The issuer shall thereafter issue the Conversion Shares to the RCUIDS holders¹⁹.

AAOIFI 2017 Shariah Standards, Standard no.12: Sharikah (Musharakah) and Modern Corporations), Article 3/1/2/1²⁰, allow for the Musharakah partners to provide tangible asset (commodities) as capital for the partnership provided that the monetary values of these assets are determined and expressed in terms of the currency used for the venture in order to ascertain the share contributed by each partner in that venture.

Similarly, the Policy Document on Musharakah issued by Bank Negara Malaysia has also recognized "in kind" contribution as a valid contribution in Musharakah. Clause 15.2 of the Policy Document on Musyarakah stipulates²¹: "The capital may be in the form of cash or in-kind, including intangible assets".

2.8 Ibra'

In accordance with the Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia, page 14, "Ibra'" refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligations or liabilities towards the former. The release may be either partially or in full²².

According to majority of jurists such as Ibn Qudamah (al-Mughni, 1997, Beirut : Dar al-Fikr, vol.8, page 250) and Khatib al Sharbini (Mughni al-Muhtaj, 2000, Beirut : Dar al-Kutub al-Ilmiyyah, vol.2, page 202), *Ibra'* is defined as an absolute relinquishment of a debt and the scholars do not restrict whether the relinquishment shall only be applicable to profit portion in the outstanding sale price.

¹⁹ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 130, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

²⁰ AAOIFI 2017, Shariah Standards No. 12, *Sharikah (Musharakah) and Modern Corporation*, Dar al-Maiman, Bahrain, 2017, p. 204

²¹ Policy Document on Musharakah, issued on 20 April 2015, p. 8

²² Ibid, p. 14

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

The incorporation of Ibra' clause in the agreement is in accordance with Resolutions of the SAC of SC in relation to Principles and Concepts of Muamalat in the Islamic Capital Market on Ibra'. The SAC of SC resolved that Ibra' may be applied in the early redemption as follows²³:

- (i) *Sukukholders may offer Ibra' to the issuer based on the application made by the issuer for early redemption of sukuk upon occurrence of any event of default, call option, regulatory redemption, tax redemption etc.;*
- (ii) *The formula for the computation of early settlement may be stated as a guide to the issuer; and*
- (iii) *The Ibra' clause and the formula for the computation of early settlement may be stated in the main agreement of sukuk which is based on `uqud mu`awadhat. However, the Ibra' clause in the main agreement shall be separated from the part related to the price of the transacted asset. The Ibra' clause shall only be stated under the section for mode of payment or settlement in the said agreement.*

The Ibra' shall be subject to the requirements stipulated under the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.

For the proposed issuance of RCUIDS, the RCUIDS Holders in subscribing the RCUIDS agree to grant Ibra' on the Deferred Sale Price, upon the occurrence of any of the following events:

- (1) if the RCUIDS are fully redeemed before the maturity date pursuant to the provisions on early redemption; or
- (2) the conversion of the RCUIDS to new AAGB Shares; or
- (3) the declaration of an Event of Default

The Ibra' upon full redemption of the RCUIDS before the maturity date pursuant to the provisions on early redemption shall be:

Deferred Sale Price **less** (total amount of principal paid on early redemption date to the RCUIDS Holders including the portion of unearned Profit that will be payable due to the early redemption rate of 105% **plus** total cumulative amount of Profit already paid to the RCUIDS Holders up to the early redemption date).

The calculation of Ibra' in this manner is akin to the practice of imposing early settlement charge pursuant to early settlement. The SAC of SC had discussed the permissibility of imposing early settlement charges in the form of additional amount which shall be payable by the issuer to the sukukholders that may be considered as redemption premium in relation to early redemption. In this respect, the SAC had resolved that the

²³ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 15, <https://www.sc.com.my/api/documentms/download.aspx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

sukukholders may impose early settlement charges pursuant to early redemption up to the unearned profit within the deferred sale price subject to mutual agreement²⁴.

The Shariah Adviser believes that the same ruling should be applicable here. Therefore, there shall be no Shariah issue to have the early redemption based on this formula.

The Ibra' for the conversion of the RCUIDS to new AAGB Shares shall be:

- (i) the accrued Profit of the period between the issue date or the last Profit payment date, whichever is the later, and the conversion date; and
- (ii) the unearned Profit from the conversion date up to the Maturity Date.

In respect of the provision of Ibra' for the conversion as stipulated in this RCUIDS issuance, the SAC of SC had resolved that²⁵:

"... b) Other event(s)

Sukukholders may offer *ibra'* to the issuer in specific event(s) that requires them to release their rights and claim on any obligation, for example in the event of a write-off at the point of non-viability for Tier 2 sukuk based on Shariah principle of *murabahah*"

Based on this resolution, the Shariah Adviser believes that the provision of Ibra' on the accrued Profit and the unearned Profit pursuant to the conversion of the RCUIDS to new AAGB Shares shall not pose any Shariah issue as long as it is mutually agreed by the parties and the formula in the calculation of *ibra'* is known to the parties.

The Ibra' upon the declaration of an Event of Default shall be the unearned Profit due to the RCUIDS Holders calculated from the date of the declaration of the Event of Default up to the Maturity Date

The amount payable ("**Dissolution Amount**") by the Issuer to the RCUIDS Holders upon declaration of an Event of Default will be calculated by the Trustee based on the formula below:

Dissolution Amount = Deferred Sale Price determined at the issue date less the aggregate of the Profit paid from the issue date (if any), less Ibra' (if any).

Regarding the provision of *ibra'* upon the declaration of an Event of Default, the abovementioned Resolution of the SAC of SC shall also be applicable. For the sake of clarity, relevant portion of the Resolution is reproduced here as follows²⁶:

²⁴ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 114, <https://www.sc.com.my/api/documentms/download.aspx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

²⁵ Ibid, page 15.

²⁶ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 15, <https://www.sc.com.my/api/documentms/download.aspx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

Sukukholders may offer Ibra' to the issuer based on the application made by the issuer for early redemption of sukuk upon occurrence of any event of default, call option, regulatory redemption, tax redemption etc...."

Based on this explanation and justification, the Shariah Adviser believes that the provisions of Ibra' as stipulated in this issuance shall not pose any Shariah issue.

2.9 Ta`widh (Compensation)

In the event of any delay in payments of the Deferred Sale Price, the Issuer shall pay to the RCUIDS Holders Ta`widh (compensation) on such delayed payments at the rate and in the manner prescribed by the SAC of SC, as may be amended from time to time.

The imposition of Ta`widh is part of the term and conditions which is agreed upon by the contracting parties as compensation that can rightfully be claimed by the RCUIDS Holders when any delayed payments of the Deferred Sale Price under the Sukuk Murabahah. This is in accordance with the Resolutions of the SAC of SC in relation to Principles and Concepts of Muamalat in the Islamic Capital Market on Ta`widh page 4 - 7²⁷.

The SAC of SC resolved the following:

- (1) *The imposition of ta`widh on the late repayment of Islamic financing is permissible.*
- (2) *Ta`widh payment for (i) arrears and (ii) failure to pay after the due date, are both permissible. The ta`widh payment is for Islamic financing based on `uqud mu`awadhat including sukuk issued based on contracts of exchange.*

Furthermore, the imposition of ta`widh (compensation) is permissible in accordance with the Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors, Part D, Chapter 17, paragraph 17.10, page 38²⁸ *"Ta`widh is permissible under sukuk bai` biithaman ajil, sukuk murabahah, sukuk istisna` and sukuk ijarah only if the issuer or the obligor delays the payment of any amount due and payable to the sukukholders."*

²⁷ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 4-7, <https://www.sc.com.my/api/documentms/download.aspx?id=5f0c31dc-daa9-43c1-80ac-e7ecf70c8e44>

²⁸ Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors (Revised 26 November 2019, pages 38, <https://www.sc.com.my/api/documentms/download.aspx?id=78ced436-2082-4120-9e91-dce870f3a9f0>

SHARIAH PRONOUNCEMENT LETTER (CONT'D)

2.10 Profit Rate

The issuance of RCUIDS shall be based on fixed profit rate, computed based on the nominal value of the outstanding RCUIDS.

The SAC of SC resolved that the permitted profit rate mechanism to be applied in a sukuk structuring based on *'uqud mu'awadhat* such as BBA, *murabahah* and *istisna'* are as follows²⁹:

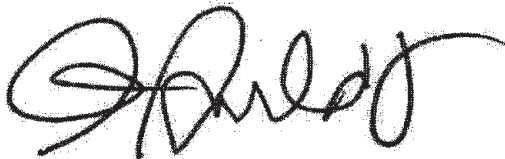
- (i) Fixed profit rate;
- (ii) Floating profit rate; and
- (iii) A combination of fixed and floating profit rate.

The permissibility to apply the fixed profit rate is due to the obligation of the Issuer (in its capacity as the Purchaser) to pay the Deferred Sale Price pursuant to the Commodity Murabahah Agreement.

3. Shariah Approval

Based on the foregoing, the Shariah Adviser is of the view that the contract(s) involved in this proposal is in compliance with the principles of Shariah and hereby approve the Proposed Rights Issue, subject to satisfactory documentation.

And Allah knows best.



Assoc. Prof. Dr. Aznan Hasan
Institute of Islamic Banking and Finance

Date: 07 OCT 2021

²⁹ Resolutions of the Shariah Advisory Council of the Securities Commission Malaysia 31 December 2020, page 108, <https://www.sc.com.my/api/documentms/download.ashx?id=5f0c31dc-4aa9-43c1-80ac-e7ecf70c8e44>